ANNUAL REPORT

OF THE

Indian Merchants' Chamber

FOR THE YEAR

1940

presented to the Annual General Meeting of the Chamber held on 29th January, 1941.

Published by

J. K. MEHTA M.A.

SECRETARY, INDIAN MERCHANTS' CHAMBER,

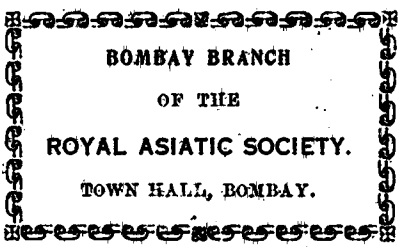
RAMJI NARANJI MEMORIAL

INDIAN MERCHANTS' CHAMBER BUILDING,

BACK BAY RECLAMATION, FORT, BOMBAY.

1941

00133698



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LIST OF MEMBERS

OF

THE INDIAN MERCHANTS' CHAMBER

BOMBAY

Honorary Member:

MAHATMA GANDHI

LIST OF MEMBERS

of

THE INDIAN MERCHANTS' CHAMBER

No.	Representative.	Member.	Trade.	Address.
1	**Mr. Gordhandas P. Sonawala**	(Patron-Member) **Messrs. Narrondass Manordass**	Bankers, Bullion and Cotton	Sheikh Memon St., Bombay.
2	Mr. Chunilal Devkaran Nanji ..	Messrs. Chugondas & Co. ..	Share Brokers	17, Elphinstone Circle, Fort, Bombay.
3	„ Bhagwandas Munmohundas ..	„ Munmohundas Ramji & Co. ..	Millowners, Agents and Piecegoods Merchants	Mubarak Manzil, Apollo St., Fort, Bombay.
4	„ Chatrabhuj Morarji	„ Morarji Velji & Sons	Piecegoods Merchants	Kalbadevi Road, Kolbhat Street, Bombay.
5	„ Jamnadas Devidas ..	„ Jethabhai Govindji & Co.	do.	Mulji Jetha Market, Sir Vithaldas Galli, Bombay.
6	„ Jethabhai Kalyanji ..	„ Valji Shamji & Co. ..	do.	Mulji Jetha Market, Chowk, Bombay.
7	„ Devidas Madhowji Thackersey ..	„ Madhowji Thackersey & Sons	do.	Indian Mercantile Chambers, Nicol Road, Bombay.
8	Mr. Ramdas Madhowji ..	Messrs. Ramdas Madhowji & Co.	Piecegoods Merchants	Mulji Jetha Market, New Narayan Chowk, Bombay.
9	„ Vithaldas Damoder Govindjee ..	„ Damoder Govindjee Sons & Co. ..	do.	Plot No. 24-A, Worli, Bombay.
10	„ Morarji Hemraj Kanji	„ Hemraj Kanji & Co.	do.	Mulji Jetha Market, New Govind Chowk, Bombay.
11	„ Hiralal Amritlal Shah	Mr. Hiralal Amritlal Shah	do.	69, Marine Drive, Bombay.
12	„ Haridas Purshottam Govindji ..	Messrs. Purshottam Govindji & Co.	do.	Mulji Jetha Market, Chowk, Bombay.
13	„ Bhagwandas Vassanji	„ Kanji Karsan & Co.	do.	56, Pedder Road, Bombay.
14	„ Mathuradas Dwarkadas ..	„ Lalji Naranji & Co. ..	Piecegoods Merchants and Mill Agents	Ewart House, Tamarind Lane, Fort, Bombay.
15	„ Vaman Shridhar Apte	„ Vaman Shridhar Apte & Co.	Piecegoods Merchants	Mulji Jetha Market, Chandni Chowk, Bombay.
16	„ Krishnaraj M. D. Thackersey ..	„ Thackersey Moolji & Co.	Millowners, Agents and Piecegoods Merchants	16, Apollo St., Fort, Bombay.
17	„ Chatarbhuj Gordhandas Sunderdas ..	„ Mooljee Jaitha & Co.	Cotton	53, Warden Road, Bombay.
18	„ Mulji Goculdas ..	„ Dharamsey Rattansey	Piecegoods Merchants	Laxmidas Khimji Market, Sheikh Memon St., Bombay.
19	„ Ramdas Ranchordas Thackersey ..	„ Ranchordas Thakersey & Sons ..	do.	454-458, Popatwadi Corner, Kalbadevi Road, Bombay.
20	„ Jamnadas Harakhji Sanghvi ..	„ L. Jamnadas & Co. ..	do.	82, Dady Seth Agiari Lane, Bombay.

No.	Representative.	Member.	Trade.	Address.
21	Mr. Dwarkadas Meghji ..	Messrs. Haridas Keshavji & Co.	Piecegoods Merchants	Khan Building, Girgaum Road, Bombay.
22	„ Manilal Revashanker	„ Revashanker Jagjivan & Co.	Jewellers	Khara Kuva, Sheikh Memon Street, Bombay.
23	Sir Purshotamdas Thakurdas, C.I.E., M.B.E.	„ Narandas Rajaram & Co.	Cotton	Navsari Chambers, Outram Road, Fort, Bombay.
24	Mr. Govindjee Ruttonsee Mooljee ..	Mr. Govindjee Ruttonsee Mooljee ..	Merchant	Mercantile Chambers, Ballard Estate, Fort, Bombay.
25	„ Dhanjibhoy B. Petit	Messrs. Dhanjibhoy B. Petit & Co.	General Merchants	Union Bank Building, Apollo Street, Fort, Bombay.
26	The Hon'ble Mr. Govindlal Shivlal	„ Raja Bahadur Shivlal Motilal	Shroff	"Shri Sadan", 15, Land's End Road, M. Hill, Bombay.
27	Mr. S. R. Bomanji ..	Mr. S. R. Bomanji ..	Machinery and Millstores	Forbes Street, Fort, Bombay.
28	„ Hansraj Jivandas ..	Messrs. Khimji Vishram & Co.	Cotton	Dana Bunder, Broach Street, Bombay.
29	„ Kaikobad Cowasji Dinshaw	„ Cowasji Dinshaw & Bros.	Millowners and Agents	121, Medows Street, Fort, Bombay.
30	„ Mathuradas Vissanji	Mr. Mathuradas Vissanji ..	Cotton	9, Wallace Street, Fort, Bombay.
31	Mr. Karsandas Mooljee Jaitha ..	Mr. Karsandas Mooljee Jaitha	Cotton	54-55, Laxmi Bldg., Sir P. Mehta Rd., Fort, Bombay.
32	„ Khimji Shamji ..	The Grain Merchants' Association	Grains	Musjid Bunder Road, Bombay.
33	„ Rasiklal Manilal Desai	The Indian Mercantile Insurance Co. Ltd.	Insurance	Indian Mercantile Chambers, Nicol Road, Fort, Bombay.
34	„ N. M. Raijee ..	Messrs. S. B. Billimoria & Co.	Auditors	113, Mahatma Gandhi Road, Fort, Bombay.
35	„ R. D. Lam ..	„ Tata Sons, Ltd. ..	Millowners and Agents	Bombay House, Bruce Street, Fort, Bombay.
36	„ Dadabhai J. Registrar	The Berar Mfg. Co. Ltd. ..	Textile Mills	Kent House, Sir P. Mehta Rd., Fort, Bombay.
37	„ Hirjibhai Shapurji Patuck ..	Messrs. H. S. Patuck & Co. ..	Import-Export	Nagri Building, Custom House Road, Fort, Bombay.
38	Sir Kikabhai Premchand, Kt. ..	„ Premchand Roychand & Sons Ltd. ..	Share Brokers	Apollo Street, Fort, Bombay.
39	Dr. M. Venkatrao ..	„ Powells Limited ..	Pharmaceutical Products and Surgical Instruments	Lamington Road, Bombay.
40	Mr. Kantilal Nahalchund	„ Nahalchund Laloochund ..	Yarn	Tamba Kanta, Pydhonie, Bombay.
41	„ Bharata K. S. Aiyar ..	„ K. S. Aiyar & Co. ..	Auditors	65, Apollo Street, Fort, Bombay.
42	„ Dulerai Vanechand Desai ..	„ Hirachand Vanechand Desai & Co. ..	Cotton	22, Apollo Street, Bombay.
43	Prof. Sohrab R. Davar ..	„ Davar's College of Commerce ..	Commercial Institute	51, Mahatma Gandhi Road, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
44	Mr. Phirozeshaw N. Mehta	Messrs. P. N. Mehta & Co. ..	Yarn, Piecegoods and Machinery Importers	Cook's Building, Hornby Road, Fort, Bombay.
45	„ Nandlal Kilachand ..	„ Kilachand Devchand & Co. Ltd. ..	Grain	Allahabad Bank Building, Apollo St., Fort, Bombay.
46	„ H. C. Captain ..	The Central Bank of India Ltd.	Bankers	Mahatma Gandhi Road, Fort, Bombay.
47	„ Jayantilal Maneklal Shah ..	The Bombay Shroff Association	Shroffs	Shroff Bazaar, Sheikh Memon Street, Bombay.
48	„ Liladhar Javerchand	Messrs. Mulchand Vussanji & Co.	Cotton	33, Cuffe Parade, Bombay.
49	„ Dwarkadas Tribhovandas ..	Mr. Dwarkadas Tribhovandas	do.	Shingani Building, Marwari Bazaar, Bombay.
50	„ Minocher P. Patel ..	Messrs. Patel Bros. ..	do.	Patel House, Churchgate St., Fort, Bombay.
51	„ Hormasji D. Jassoobhoy ..	„ Chandabhoy and Jassoobhoy ..	Auditors	Gustad Chambers, Sir P. Mehta Rd., Fort, Bombay.
52	„ Fakirmahomed C. L. Sajun ..	„ C. L. Sajun & Co. ..	Rice	Carnac Bunder, Bombay.
53	„ Kirtilal Manilal ..	„ Surajmal Lallubhai & Co.	Jewellers	Kalbadevi Road, Bombay.
54	Mr. Maneklal A. Mehta ..	Messrs. Nagindas & Maneklal	Income-tax Experts	35, Maldon House, Marine Lines, Fort, Bombay.
55	„ Yogenra D. Trivedi ..	„ Trivedi & Co. ..	Iron	Navsari Chambers, Outram Road, Fort, Bombay.
56	„ N. C. Khorana ..	The Punjab National Bank Ltd.	Bankers	Kent House, Sir P. Mehta Rd., Bombay.
57	„ Vithaldas Purshotam	Messrs. Pitamber & Co. ..	Freight Brokers & Coal Merchants	Scindia House, Dougall Road, Ballard Estate, Fort, Bombay.
58	„ Bhailal Dajibhai Amin	The Alembic Chemical Works Co. Ltd. ..	Pharmaceutical and Spirituous preparations	Baroda Camp.
59	„ B. A. Billimoria	Messrs. Batlivala & Karani ..	Share Brokers	Dalal Street, Fort, Bombay.
60	„ Maneklal Manilal Ranchhoddas Pari	Mr. Maneklal Manilal Ranchhoddas Pari ..	Shroff	Manek Chowk, Ahmedabad.
61	„ M. A. J. Noble ..	„ M. A. J. Noble ..	General Merchant	Noble Chambers, Parsi Bazaar Street, Fort, Bombay.
62	„ Shoorji Vallabhdas ..	Messrs. Shoorji Vallabhdas & Co.	Piecegoods Merchants	Bombay Mutual Bldg., Hornby Road, Bombay.
63	„ Jiwandas Doongursee	„ Doongursee & Sons ..	Wool Merchants	59, Forbes St., Fort, Bombay.
64	„ Ramnivas Ramnarain	„ Harnundrai Ramnarain ..	Cotton	C/o Phoenix Mill, Ltd., 143, Mahatma Gandhi Rd., Bombay.
65	„ T. M. Rangachari ..	Mr. T. M. Rangachari ..	Import-Export	2/6, Second Line Beach, Madras.
66	„ Walchand Hirachand	„ Walchand Hirachand ..	Contractor & Commission Agent	Construction House, Ballard Estate, Bombay.

No.	Representative.	Member.	Trade.	Address.
67	Mr. Mansukhlal Atmaram Master ..	Mr. Mansukhlal Atmaram Master ..	Shipping	Scindia House, Dougall Road, Ballard Estate, Bombay.
68	„ Damodar Govindji Madhowji ..	Messrs. Govindji Madhowji & Co.	Coal & Insurance Agents	16, Apollo St., Fort, Bombay.
69	„ Bhagwandas Goverdhandas ..	Mr. Bhagwandas Goverdhandas ..	Cotton	9, Wallace Street, Fort, Bombay.
70	„ Mathuradas Canji Matani ..	Messrs. Kanji Dwarkadas ..	Rice	45-47, Modi St., Fort, Bombay.
71	„ Madhavlal Makanji Bhatt ..	„ Madhavlal & Co. Ltd.	Coal	Alice Building, Hornby Road, Bombay.
72	„ Jagatchandra Nemchand Vohora ..	„ C. K. Vohora & Co. ..	Machinery and Millstores	Saker Bazaar Cross Lane, Railway Pura Post, Ahmedabad.
73	„ Nandlal Madhavdas	„ Amersey Damodar ..	Cotton	106, Bhuleswar Road, Bombay.
74	„ J. M. Cooper ..	„ K. & J. Cooper ..	Educational Publishers	598, Girgaum Tram Terminus, Bombay.
75	„ Harisukh Harilal ..	„ Lalji Godhoo & Co. ..	Spices	Samuel Street, Vadgadi, Bombay.
76	The Hon'ble Mr. Shantidas Askuran ..	The Hon'ble Mr. Shantidas Askuran ..	Cotton	"Mahendra Bhuvan", Nepean Sea Road, Bombay.
77	Mr. Vyas Laxmishanker Narbadashanker	Mr. Vyas Laxmishanker Narbadashanker ..	Cotton	Detroj (Viramgam).
78	Sir Ishwardas Lukhmidas, Kt.	Sir Ishwardas Lukhmidas, Kt.	Yarn	"Garden View," Hughes Road, Bombay.
79	Mr. Ishwarlal Ganpatram Gajjar ..	Mr. Ishwarlal Ganpatram Gajjar	Colour and Medicines	Chimanlal Desai's Bungalow, 24, Worli, Bombay.
80	The Hon'ble Sir Rahimtulla M. Chinoy, Kt. ..	Messrs. F. M. Chinoy & Co. Ltd. ..	Motor Cars, etc.	Band Stand, Chowpatty, Bombay.
81	Mr. Jal Hormasji Billimoria ..	„ Pallonjee Eduljee & Son	Sanitary Engineers and Contractors	New Charni Road, Girgaum, Bombay.
82	„ Velji Lukhamsi Nappoo ..	„ Nappoo Nensee & Co.	Grain	188, Argyle Road, Dana Bunder, Bombay.
83	„ Ali Mahomed Mecklai	„ Ali Mahomed Mecklai & Co.	Exchange, Finance & Bullion Brokers	99, Mahatma Gandhi Road, Fort, Bombay.
84	„ J. H. Bhabha ..	The Tata Hydro Electric Power Supply Co. Ltd. ..	Electric Power Supply	Bombay House, Bruce Street, Bombay.
85	„ Dwarkadas Jekisondas	Mr. Dwarkadas Jekisondas ..	Landlord	Dwarkadas Mansion, Sandhurst Road, Bombay.
86	„ Hansraj Haribhai ..	Messrs. Hansraj & Co. ..	Share Brokers	Arya Bhuwan Building, Graham Road, Ballard Pier, Fort, Bombay.
87	„ Valabhdas Runchordas	„ Valabhdas Runchordas & Co. ..	Gramophone Records	Mahim, Bombay.
88	„ Kapilram H. Vakil ..	Mr. Kapilram H. Vakil ..	Salt, Consulting Chemist and Technologist	Bombay House, Bruce Street, Bombay.
89	„ Mohammed Jaffer Hajee Nassur ..	Messrs. Nassur Hajee Mowjee & Co. ..	Import-Export	Nassur Building, Mahomadalli Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
90	Mr. Amratlal Amerchand	Messrs. Amratlal Amerchand & Sons	Grain	36, Kazi Sayed Street, Mandvi, Bombay.
91	„ Laxmidas G. Tejpal	Mr. Laxmidas G. Tejpal ..	Mining	7, Bastion Road, Fort, Bombay.
92	„ Morarji Premji Goculdas ..	Messrs. M. P. Goculdas & Co.	Insurance Agents	Yusuf Building, Churchgate Street, Fort, Bombay.
93	„ Behram N. Karanjia	Mr. Behram N. Karanjia ..	Silk and General Merchant	8, Carmichael Road, Bombay.
94	„ Sarabhai Prataprai ..	„ Sarabhai Prataprai ..	General Merchant	"Madhuli," Grant Road, Bombay.
95	„ W. Millard ..	The New India Assurance Co. Ltd. ..	Insurance	Central Bank Building, Mahatma Gandhi Road, Bombay.
96	„ Anandji Kanji ..	Messrs. Kanji Cursondas & Co.	Millowners and Agents	187, Hornby Road, Bombay.
97	„ Narandas Munmohandas Ramji ..	The Bombay Swadeshi Co-operative Stores Co. Ltd.	General Merchants	Sir P. Mehta Rd., Fort, Bombay.
98	„ Maganbhai P. Amin	Messrs. Maganbhai Amin & Co.	Machinery and Millstores	105, Apollo Street, Fort, Bombay.
99	„ Dhirajlal Maganlal	„ Purshotam Pranvallubh & Co. ..	Share Brokers	Dalal Street, Share Bazaar, Bombay.
100	Mr. Aboobaker Abdulrehman ..	Messrs. Aboobaker Abdulrehman & Co. ..	Cotton	14, Custom House Road, Fort, Bombay.
101	„ Parmanand Karsandas	„ Parmanand Karsandas Hargovan ..	Piecegoods Merchants	Mulji Jetha Market, Chowk, Bombay.
102	„ D. D. Shethia ..	„ Shivji Dharamsey Shethia & Co. ..	Coal	Podar Chambers, Parsee Bazaar St., Fort, Bombay.
103	„ Jamnadas Ramdas ..	„ Tulsidas Ramdas ..	Cotton	Cotton Exchange Bldg., Kalbadevi Road, Bombay.
104	„ Pragji Dayal Hariani	Mr. Pragji Dayal Hariani ..	General Merchant	112, D'Souza Street, Mandvi, Bombay.
105	„ Jivanlal Chimanlal Setalvad ..	Messrs. J. C. Setalvad & Co. ..	Insurance	Industrial Assurance Bldg., Churchgate Street, Bombay.
106	„ Rattansey Hirji ..	„ Hirji Govindji & Co.	Grain	45, Baroda St., Dana Bunder, Bombay.
107	„ Mohanlal Hemchand Jhaveri ..	„ Chimanlal Mohanlal & Co.	Jewellers	Patel Building, Javeri Bazaar, Bombay.
108	„ Chimanlal Keshavlal Shah ..	The Gujarat Oil Mill & Mfg. Co. Ltd.	Oil-millers	Asarva, Post Railwaypura, Ahmedabad.
109	„ Ratan C. Gazdar ..	Messrs. Bomanji C. Gazdar & Co.	Coal	16, Apollo St., Fort, Bombay.
110	„ Kanchanlal Varajdas	The Universal Fire & General Insurance Co. Ltd.	Insurance	Universal Bldg., Sir P. Mehta Road, Fort, Bombay.
111	„ Ramkumar Shrinivas Morarka ..	The Sholapoor Spg. and Wvg. Co. Ltd.	Textile Mills	Standard Building, Hornby Road, Fort, Bombay.
112	„ Lakhmidas G. Dossa	Messrs. Goculdas Dossa and Co.	Cotton	55, Apollo Street, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
113	Mr. Dorab Bomanji Kapadia ..	Mr. Dorab Bomanji Kapadia	Insurance Agent	C/o Mr. N. H. Katrak, Hirji Mansion, Gowalia Tank Road, Bombay.
114	„ Ratanchand Hirachand	The Premier Construction Co. Ltd.	Contractors	Construction House, Ballard Estate, Bombay.
115	„ Behram N. Karanjia	The Silk Merchants' Association	Silks	Dahanukar Building, Kalbadevi Road, Bombay.
116	„ S. J. Pandya ..	The Scindia Steam Navigation Co. Ltd. ..	Shipping	Scindia House, Dougall Road, Ballard Estate, Fort, Bombay.
117	„ Hooseinbhoy A. Lalljee ..	Messrs. Abdoolabhoy Lalljee & Co.	General Merchants	Navsari Building, Hornby Road, Bombay.
118	Sir M. Visvesvaraya, K.C.I.E. ..	Sir M. Visvesvaraya, K.C.I.E. ..	General	Uplands, High Ground, Bangalore.
119	Mr. M. G. Metha ..	Messrs. Bakubhai Ambalal & Co.	Import-Export	Mohamed Building, 27, Bastion Road, Fort, Bombay.
120	„ A. M. Lala ..	„ Nanavati Vevaina & Co.	Coal	Scindia House, Dougall Road, Ballard Estate, Bombay.
121	„ Navnitlal Mohanlal Chokshi ..	The Jupiter General Insurance Co. Ltd. ..	Insurance	Ewart House, Tamarind Lane, Fort, Bombay.
122	„ B. M. Bhargava ..	The Union Bank of India Ltd.	Bankers	Apollo Street, Fort, Bombay.
123	Mr. Nemchand Abhechand	The Pearl Merchants and Jewellers' Association ..	Pearl and Jewellery	25-39, Mumbadevi Road, Bombay.
124	„ Manmohandas Madhavdas Amersey	Messrs. Amersey & Sons ..	Cotton	Oriental Bldg., Mahatma Gandhi Road, Bombay.
125	„ Ratansi Karsondas ..	„ Karsondas Ranchhordas	Commission Agents and Contractors	66, Bazaar Gate Street, Fort, Bombay.
126	„ Jehangir P. Katgara	„ Jeena & Co. ..	Import-Export	Patel House, Churchgate St., Fort, Bombay.
127	„ Morarji Mulraj Khatau ..	The Khatau Makanji Spg. & Wg. Co. Ltd. ..	Textile Mills	Laxmi Building, 2-B, Ballard Pier, Bombay.
128	„ Khursedji Limji ..	The Bombay Cycle and Motor Agency Ltd. ..	Motor Cars, etc.	534, Sandhurst Bridge, Chowpatty, Bombay.
129	„ Nussurwanji S. Guzder ..	Messrs. Nassurwanji S. Guzder & Co.	General Merchants	Canada Building, Home Street, Fort, Bombay.
130	„ Gordhandas Goculdas Morarji	Mr. Gordhandas Goculdas Morarji ..	Piecegoods	Rajjab Mahal, Churchgate Reclamation, Bombay.
131	„ B. Das ..	„ B. Das	Consulting Engineer	P. O. Chandani Chowk, Cuttack.
132	„ Chaturbhuj Khiasee	Messrs. Chaturbhuj Khiasee & Co.	Rice	81-83, Chinch Bunder Road, Bombay.
133	„ S. D. Saklatvala ..	„ Tata Mills Ltd. ..	Textile Mills	Bombay House, Bruce Street, Fort, Bombay.
134	Sir Homi Mody, K.B.E. ..	The Svadeshi Mills Co. Ltd. ..	do.	Bombay House, Bruce Street, Fort, Bombay.
135	Mr. Navinchandra Mafatlal ..	The Standard Mills Co. Ltd. ..	do.	29, Rustom Building, Churchgate Street, Bombay.

No.	Representative.	Member.	Trade.	Address.
136	Mr. Chamanlal Girdhardas Parekh ..	The Industrial Bank of Western India Ltd.	Bankers	Mirzapur Road, Ahmedabad.
137	„ Ahmed Habib .	Messrs. Khoja Mithabhai Nathoo	Import-Export, Metal, Cotton & Oilseeds	Hanuman Building, Tamba Kanta, Bombay.
138	Sir Hormasji P. Mody, K.B.E. ..	Sir Hormasji P. Mody, K.B.E. ..	Merchant & Industrialist (Tata's)	Cumballa Hill, Bombay.
139	Mr. Shantikumar Narottam Morarjee ..	Mr. Shantikumar Narottam Morarjee ..	Shipping	Scindia House, Dougall Road, Fort, Bombay.
140	„ P. N. Vevaina ..	The Eastern Bunkerers Ltd. ..	Coal	Scindia House, Dougall Road, Ballard Estate, Fort, Bombay.
141	„ Shiavax C. Cambata	Messrs. Shiavax C. Cambata & Co. Ltd. ..	Colliery Agents, Stevedores, Dubash & Contractors	Cambata Building, Queen's Rd., P. B. No. 416, Bombay.
142	„ Lachhmandas Harakhchand Daga ..	The Bombay Bullion Exchange Ltd. ..	Bullion	171, Shroff Bazaar, Bombay.
143	„ Mafatlal Gagalbhai ..	Mr. Mafatlal Gagalbhai ..	Millowner & Agent	29, Rustom Building, Churchgate Street, Bombay.
144	„ M. C. Ghia ..	Messrs. M. C. Ghia & Co. ..	Millstores, Oil, Colour, etc.	28, Apollo Street, Fort, Bombay.
145	The Hon'ble Raja Sir S. RM. Annamalai Chettiar	The Hon'ble Raja Sir S. RM. Annamalai Chettiar	Bankers	"Natana Vilas," 38, P. C. Road, Vepery, Madras.
146	Mr. Sankalchand G. Shah	Messrs. Sankalchand G. Shah & Co.	Yarn, Sugar, Cotton, Metal, Piecegoods Brokers & Import-Export	Hanuman Building, Tamba Kanta, Bombay.
147	„ J. D. Writer ..	Dr. D. Writer & Co. ..	Confectionery	Bhavanishankar Road, Dadar, Bombay.
148	„ Popatlal Girdharlal ..	Messrs. Popatlal Girdharlal & Co.	Yarn and Machinery	49, Apollo Street, Fort, Bombay.
149	„ Keshavprasad C. Desai ..	The Industrial & Prudential Assurance Co. Ltd.	Insurance	Industrial Assurance Bldg., Churchgate St., Bombay.
150	Rai Saheb Motilal Agarwal ..	Messrs. Rai Bahadur Bhagchand	Bankers	Juhar Palace, Kalbadevi Road, Bombay.
151	Mr. Dhirajlal C. Modi	The Gujarati Type Foundry ..	Type Founders and Machinery	Gaiwadi, Girgaon, Bombay.
152	„ Manu Subedar ..	Mr. Manu Subedar	General Merchant	Kodak House, Home Street, Fort, Bombay.
153	„ G. F. Munshi ..	The Gujrat Islam Match Mfg. Co. Ltd. ..	Match Manufacturers	Kankaria Road, Ahmedabad.
154	„ Kalyanbhai Sarabhai Javeri ..	Messrs. Sarabhai & Sons ..	Import-Export and Commission Agents	317-21, Hornby Road, Bombay.
155	„ Jagjivan Ujamshi Mulji ..	The Sugar Merchants' Association ..	Sugar	Sugar Market, Bombay.
156	„ M. J. Buch ..	The Indian Co-operative Navigation & Trading Co. Ltd.	Shipping	Scindia House, Dougall Road, Ballard Estate, Bombay.
157	„ C. R. H. Readymoney	India International Co. ..	Import-Export and Commission Agents	Readymoney Mansion, Churchgate Street, Bombay.

No.	Representative.	Member.	Trade.	Address.
158	Mr. Narayanlal Bansilal Pittee ..	Mr. Narayanlal Bansilal Pittee	Banker	205-207-209, Kalbadevi Road, Bombay.
159	„ S. Bhattacherjee ..	The Bengal Luxmi Cotton Mills Ltd. ..	Textile Mills	4-B, Council House Street, Calcutta.
160	„ Bhogilal Laherchand Javeri ..	Messrs. Batliboi & Co. ..	Machinery, Millstores, Pearl & Diamond Merchants	Forbes Street, Fort, Bombay.
161	„ Mahomed Akbar A. Fazalbhoy ..	„ A. Fazalbhoy & Sons	Radio, Motorcars, etc.	C/o Bombay Radio Co. Ltd., 16, New Queen's Rd., Bombay.
162	„ B. S. Lalkaka ..	The Pioneer Magnesia Works.	Chloride Manufacturers	Chartered Bank Building, Mahatma Gandhi Road, Fort, Bombay.
163	„ Dharamsey Mulraj Khatau ..	Mr. Dharamsey Mulraj Khatau ..	Cement	Laxmi Building, 2-B, Ballard Pier, Fort, Bombay.
164	„ Jehangir Ruttonji Dubash ..	„ Jehangir Ruttonji Dubash ..	Grain, Sugar and Spices	24, Carnac Bridge Road, Akbar Press, Bombay.
165	„ Govinddas Maneklal	„ Govinddas Maneklal ..	General Merchant	Mathuresh Bhuvan, Shahi Baug, Ahmedabad.
166	„ Purshotamdas Harkisondas Shah	Messrs. Bhaidas Cursondas & Co.	Cotton	16, Apollo St., Fort, Bombay.
167	„ Bhagwandas Ramchund ..	„ Narottamdas Ramchund & Co. ..	Brokers	C/o Mackinon Mackenzie & Co., Ballard Estate, Bombay.
168	Mr. Vrajlal Jivandas ..	Messrs. Laxmidas Vrajlal & Co.	Piecegoods	100-102, Vithalbhai Patel, Road, Bombay.
169	„ J. K. Dubash ..	Mr. J. K. Dubash	Landing & Shipping Broker	Dady House, Churchgate Street, Bombay.
170	„ Ratansi Mulji ..	Messrs. Vussonji Morarji ..	Cotton Brokers	Ishwar Niwas, 73, Marine Drive, Bombay.
171	„ Ratilal Mulji Gandhi	„ R. Ratilal & Co. ..	Grain & Seeds, Cotton and Commission Agents	Teju Kaya Bldg., Old Chinch Bunder Road, Bombay.
172	„ Jagmohundas Kaliandas ..	Mr. Jagmohundas Kaliandas	Broker and Landlord	"Krishna Kunj", Ridge Road, Bombay.
173	„ D. S. Captain ..	Messrs. Captain & Vaidya ..	Solicitors	121, Mahatma Gandhi Road, Fort, Bombay.
174	„ Lachhmandas Harkhchand Daga ..	„ Rai Bahadur Bansilal Abirchand ..	Millowners and Bankers	18|22, Sheikh Memon Street, Bombay.
175	Rao Bahadur Nanji Ladhabhai ..	„ Kurpal Harsi & Co. ..	Rice	Chinch Bunder Road, Bombay.
176	Mr. Chunilal B. Mehta ..	„ Chunilal Mehta & Co. Ltd.	Cotton and Bullion	51, Marwari Bazaar, Bombay.
177	„ Ratilal M. Nanavati	„ Kantawala Nanavati & Co. Ltd. ..	Chemicals and Millstores	16, Apollo St., Fort, Bombay.
178	„ Chunilal P. Bhatt ..	„ Jeewanlal (1929) Ltd.	Aluminium ware Merchants and Manufacturers	Kodak House, Hornby Road, Bombay.
179	„ Rasheed N. Futehally	„ N. Futehally & Co. ..	Import-Export	19, Bank Street, Fort, Bombay.
180	„ Ballabhdas Eshwardas Agrawal ..	Mr. Ballabhdas Eshwardas Agrawal ..	Cotton, Grain and Railway Contractor	183, Hornby Road, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
181	Mr. Bhawanji A. Khimji	Messrs. Arjan Khimji & Co. ..	Cotton	Western India House, Sir P. Mehta Rd., Fort, Bombay.
182	„ Karamchand Chunilal	Mr. Karamchand Chunilal ..	Share Broker	Jivan Vihar, 72, Marine Drive, Bombay.
183	„ Kasturbhai Lalbhai	„ Kasturbhai Lalbhai ..	Millowner and Agent	Pankore's Naka, Ahmedabad.
184	„ Rustom Pestonji Masani	„ Rustom Pestonji Masani	General Merchant	Varsova, via Andheri.
185	Rao Bahadur Laxman Vishwanath Pophale	Rao Bahadur Laxman Vishwanath Pophale	Ginning & Pressing Factory	Malegaon (Nasik District).
186	Mr. Pannalalji Hiralalji ..	The Mahaboob Shahi Kulbarga Mills Co. Ltd. ..	Textile Mills	1727, Gunj Bazaar, Secunderabad (Dn.)
187	„ M. L. Dahanukar ..	Messrs. M. L. Dahanukar & Co. Ltd. ..	Building Contractor	Industrial Assurance Bldg., Churchgate St., Bombay.
188	Sir Ardeshir R. Dalal, Kt.	The Tata Iron & Steel Co. Ltd.	Iron and Steel Manufacturers	Bombay House, Bruce Street, Fort, Bombay.
189	Mr. Karsandas Vissanji ..	Messrs. Vissanji Sons & Co.	Wheat and Flour Merchants	9, Wallace Street, Fort, Bombay.
190	„ Motilal Bawalal ..	Mr. Motilal Bawalal ..	Share Broker	Agakhan Building, Dalal Street, Fort, Bombay.
191	Mr. S. C. Majumdar ..	Hindusthan Co-operative Insurance Society Ltd.	Insurance	Commissariat Building, Hornby Road, Fort, Bombay.
192	„ Hargovandas Jeevandas ..	Mr. Hargovandas Jeevandas	Cotton Broker	Diamond Building, Lohar Chawl, Bombay.
193	„ Ebrahim Curmally ..	Messrs. Curmally Janmahomed ..	Import-Export	160-62, Samuel Street, Bombay.
194	„ N. W. Gurjar ..	„ Kirloskar Bros. Ltd.	Manufacturers of Agricultural Implements	Kirloskarvadi (Dist. Satara).
195	„ M. L. Dahanukar ..	The Maharashtra Chamber of Commerce ..	Chamber of Commerce	Industrial Assurance Bldg., Churchgate St., Fort, Bombay.
196	„ Jayantilal Devidas ..	Mr. Jayantilal Devidas ..	Iron	Carnac Bunder, Bombay.
197	Sir Dhanjisha B. Cooper, Kt. ..	Messrs. Cooper & Co. Ltd.	Manufacturers of Agricultural Implements	"Huntworth", Satara.
198	Mr. Reginald Heber Parker ..	Bombay Telephone Co. Ltd.	Telephones	Sir P. Mehta Road, Fort, Bombay.
199		Messrs. Dalal and Mehta ..	Architects, Engineers & Surveyors	41, Medows Street, Fort, Bombay.
200	„ G. S. Mahomed ..	Mr. G. S. Mahomed ..	Import-Export and Consular Agent	P. Box No. 3052, Bombay 3.
201	„ Karsondas Tulsidas	Messrs. Tulsidas Khimji ..	Cotton	46, Churchgate Street, Fort, Bombay.
202	„ Jagmohandas J. Kapadia ..	Mr. Jagmohandas J. Kapadia	Share Broker	Aga Khan Building, Dalal Street, Fort, Bombay.
203	„ A. A. Jasdenvala ..	Messrs. Adamji Lookmanji & Co.	Iron & Kerosene	Rahimtulla House, Homji St., Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
204	Mr. D. Cowasji ..	Messrs. D. Cowasji & Co. ..	Wine, Provisions, Import and Army Contractors	20, Fort Street, Fort, Bombay.
205	„ Harichand Manekchand Shah ..	„ Virchand Panachand & Co.	Import-Export	Gaumukh Bhuvan, Masjid Bunder Road, Bombay.
206	„ Khimji Madan Bhujpuria ..	The Bombay Grain Dealers' Association ..	Grain & Foodstuffs	Bhat Bazaar, Mandvi, Bombay.
207	„ Nagindas Tribhowandas Master ..	Mr. Nagindas Tribhowandas Master	Solicitor	94, Medows Street, Fort, Bombay.
208	Sir Hormusji M. Mehta, Kt. ..	Messrs. H. M. Mehta & Co. Ltd.	Millowners and Merchants	Maneckji Wadia Building, Mahatma Gandhi Road, Fort, Bombay.
209	Mr. Manilal Mohanlal ..	„ Hemchand Mohanlal & Co.	Diamond Merchants	Dhanji Street, Bombay.
210	„ Mangaldas B. Mehta	„ Amarchand & Mangaldas	Solicitors	Lentin Chambers, Dalal Street, Fort, Bombay.
211	„ Dewjee Tokarsee Moolji ..	Mr. Dewjee Tokarsee Moolji	Rice	Bhat Bazaar, Mandvi, Bombay.
212	„ Khatau Valabhdas ..	Messrs. Valabhdas Tejpal ..	Merchants & Commission Agents	219, Vadgadi, Bombay.
213	„ Rustom F. Cowasjee	„ Cowasjee & Sons ..	Stevedores and Coal Merchants	Kimari, Karachi.
214	Mr. Choonilal Girdharlal	Messrs. Choonilal Manilal Ltd.	Coal Merchants	Yusuf Building, Mahatma Gandhi Road, Fort, Bombay.
215	„ Ramdas Kilachand ..	The Seeds Traders' Association ..	Oilseeds	Jenabai Building, Musjid Bunder Road, Bombay.
216	Sir Chunilal V. Mehta, K.C.S.I. ..	Sir Chunilal V. Mehta, K.C.S.I. ..	Mill Agent and Merchant	Queen's Mansion, Presscott Road, Fort, Bombay.
217	Mr. Amritlal Popatbhai ..	Messrs. Amritlal Popatbhai & Co.	Share Brokers	Agakhan Building, Dalal St., Fort, Bombay.
218	„ Ranchhoddas Jethabhai ..	„ Ranchhoddas Jethabhai & Co. ..	Rice & Commission Agents	Dongri Street, Bhat Bazaar, Bombay.
219	„ B. K. Setalvad ..	The Indian Insurance Companies' Association	Insurance	Industrial Assurance Building, Churchgate St., Fort, Bombay.
220	„ Morarji Padamsey ..	Mr. Morarji Padamsey ..	Insurance Agent & Merchant	Laxmi Bldg., 55, Sir P. Mehta Road, Fort, Bombay.
221	„ Thakordas Nanabhai Merchant ..	„ Thakordas Nanabhai Merchant ..	Solicitor	Lamington Chambers, Lamington Road, Bombay.
222	„ Purshotam Jethabhai	Messrs. Khimji Poonja & Co.	Share & Cotton Brokers	19-21, Dalal Street, Fort, Bombay.
223	Sir Cowasji Jehangir, Bart. ..	Sir Cowasji Jehangir, Bart.	Merchant an Landlord	Readymoney Mansion, Churchgate Street, Fort, Bombay.
224	Mr. Dhansukhlal C. Mehta	Messrs. Mehta Vakil & Co. ..	Share Brokers	Dalal Street, Fort, Bombay.
225	„ Abdultyeb E. Muskati	Mr. Abdultyeb E. Muskati ..	General Merchant	Muskati House, Mahomedally Road, Bombay.
226	„ Vankatnarayan Patruni ..	„ Venkatnarayan Patruni	Art Silk Yarn	275, Telang Road, Matunga, Bombay.

No.	Representative.	Member.	Trade.	Address.
227	Mr. Cassumally Munjee	Messrs. Munjee Nathoobhoy & Co.	Cotton and Kerosene	Amar Bldg., Sir P. Mehta Rd., Fort, Bombay.
228	„ K. J. Divecha ..	„ Wright & Co. ..	Chemists and Druggists	Mint and Frere Road, Fort, Bombay.
229	„ Shivjibhai Devjee ..	„ Devjee Khetsee & Co.	Rice Merchants	116, New Chinch Bunder Road, Bombay.
230	„ Mahomad Husein Hasham Premji ..	The Bombay Rice Merchants' Association ..	Rice	Carnac Bunder, Bombay.
231	„ Shah Shamji Vallabhji ..	Mr. Shah Shamji Vallabhji ..	Piecegoods and Selling Agent to Mills	Mulji Jetha Market, Dharamraj Gally, Bombay.
232	„ P. A. Narielwala ..	The Tata Oil Mills Co. Ltd. ..	Oilmillers and Toilet Requisites Manufacturers	Bombay House, Bruce Street, Fort, Bombay.
233	„ Hargovindas B. Kotak	Messrs. Kotak & Co. ..	Cotton Export	Navsari Building, Hornby Road, Fort, Bombay.
234	„ Harilal Ramji Mehta	The Bombay Iron Merchants' Association ..	Iron	Carnac Bunder, Bombay.
235	„ M. P. Polson (Jr.)	Messrs. Polson Limited ..	Coffee & Butter Manufacturers	Lloyd Bldg., Dougall Road, Ballard Estate, Bombay.
236	„ Manekshah N. Pochkhanawalla ..	„ Wadia Ghandy & Co.	Solicitors	123, Mahatma Gandhi Road, Fort, Bombay.
237	Mr. Bhogilal C. Shah ..	The Chamber of Income-tax Consultants ..	Income-tax Experts	418, Kalbadevi Road, Bombay.
238	„ Shantikumar Narottam Morarjee ..	The Indian National Steamship Owners' Association.	Shipping	Scindia House, Dougall Road, Ballard Estate, Fort, Bombay.
239	„ Dharamdas Samaldas Purbhoodas ..	Mr. Dharamdas Samaldas Purbhoodas ..	Share Broker	Plot No. 15, Sea View, Worli, Bombay.
240	„ Nandlal M. Bhuta ..	Messrs. M. Bhuta & Co. ..	Grain & Seeds	88, Musjid Bunder Road, Mandvi, Bombay.
241	„ N. D. Sahukar ..	The Godrej Soaps Ltd. ..	Merchants and Import-Export	Delisle Road, Bombay.
242	„ Ardeshir Hormasji Bhiwandiwalla ..	Messrs. Hormasji Manekji, Dossabhoy Hormasji Bhiwandiwalla & Co.	Excise Contractors and Salt Manufacturers	583, Chira Bazaar, Bombay.
243	„ Jehangir B. Manekji	The General Engineering Corporation Ltd. ..	Electrical Engineers	Mubarak Manzil, Apollo St., Fort, Bombay.
244	„ C. G. Fozdar ..	The Asian Assurance Co. Ltd.	Insurance	Asian Building, Ballard Estate, Fort, Bombay.
245	„ Ratilal Nathalal ..	Mr. Ratilal Nathalal ..	Mill Agent	C/o The New Commercial Mills Co., Ltd., P. O. Railwaypura, Ahmedabad.
246	„ Sakarlal Balabhai ..	The Sarangpur Cotton Mfg. Co. Ltd. ..	Textile Mills	Ahmedabad.
247	„ Motilal H. Parikh ..	Messrs. Lallubhai Amichand	Aluminium, Brass & Copper Utensils Manufacturer	554, Kansara Chawl, Pydhonie, Bombay.
248	„ Haridas D. Khimji ..	„ S. Mitra & Co. ..	Import of Electroplating & Metal-polishing Machinery	210, Kelewadi, Girgaum Road, Bombay.
249	„ Byramjee Hormusjee	The Zenith Life Assurance Co. Ltd. ..	Life Assurance	Manekji Wadia Building, Mahatma Gandhi Road, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
250	Mr. Motiram Narayan Desai ..	Messrs. Anant Shivaji Desai	Aluminium & German Silver Utensils Manufacturer	Moti Bazaar, Bombay.
251	„ Pranjivandas U. Patel	National Insurance Co. Ltd.	Insurance	National Insurance Building, Hornby Road, Fort, Bombay.
252	„ D. P. Tata ..	The Bombay Kariana Merchants' Association	Spices	222-4, Vadgadi, Mandvi, Bombay.
253	„ Goolamhusain Ebrahim Matcheswala	The Indian Match Manufacturers' Association	Matches	121, Nagdevi Street, Bombay.
254	„ Vithaldas Kanji ..	The Wallace Flour Mills Co. Ltd.	Flour Mill	9, Wallace Street, Fort, Bombay.
255	„ Kantilal Sitaldas ..	Messrs. Sitaldas Tirathdas ..	Shroffs & Exchange Brokers	64, Sitalbaug, Walkeshwar Road, Bombay.
256	„ Hassanally Shermahomed ..	Mr. Hassanally Shermahomed	General Merchant and Matches	39, Pydhonie Road, Khadak, Bombay.
257	„ Dharamdas Hargovandas ..	„ Dharamdas Hargovandas	Merchant and Landlord	Diamond Building, Lohar Chawl, Bombay.
258	„ Bhogilal Hargovindas Patel ..	Messrs. Das & Co. ..	Millstores and Chemicals	59, Apollo Street, Fort, Bombay.
259	„ Mahomedbhoy Ebrahim ..	„ Ebrahim Currim & Sons	Umbrella Merchants & Manufacturers	Rahim Building, Princess Street, Bombay.
260	Dr. Kalimudin ..	The Bombay Soap Factory ..	Soap Manufacturers	Ripon Road Cross Lane, Madanpura, Bombay.
261	Mr. A. G. Gray ..	The Bank of India Ltd. ..	Bankers	Hornby Road, Fort, Bombay.
262	„ Nandvadan Jhaverilal Gor ..	Mr. Nandvadan Jhaverilal Gor	Insurance Agent	Mherwan Building, Sir P. Mehta Rd., Fort, Bombay.
263	„ S. B. Dalal ..	Messrs. Birla Bros. Ltd. ..	Import-Export	Apollo Street, Fort, Bombay.
264	„ N. J. Shah ..	The Bombay Mutual Life Assurance Society Ltd.	Insurance	Bombay Mutual Building, Hornby Road, Fort, Bombay.
265	„ A. S. Trollip ..	The Bombay Electric Supply & Tramways Co. Ltd.	Electric Power Supply and Traction	Electric House, Fort, Bombay.
266	„ Purshotamdass Popatlal ..	Messrs. Purshotamdass Popatlal & Co. ..	Import-Export	Currimbhoy House (East), Outram Road, Fort, Bombay.
267	„ Jethmal Thakursingh Lalvani ..	„ J. B. Advani & Co. Ltd.	Paper Merchants	27, Mangaldas Road, Bombay.
268	„ H. Edwin Jones ..	The Oriental Govt. Security Life Assurance Co. Ltd.	Insurance	Oriental Building, Hornby Road, Fort, Bombay.
269	„ N. B. Mehta ..	The Central India Spg. Wg. & Mfg. Co. Ltd. ..	Textile Mills	Bombay House, Bruce Street, Fort, Bombay.
270	„ H. N. Vakil ..	The Andhra Valley Power Supply Co. Ltd. ..	Electric Power Supply	do.
271	„ N. B. Davar ..	The Tata Power Co. Ltd. ..	do.	do.
272	„ V. C. Setalvad ..	Mr. V. C. Setalvad ..	Insurance Agent	C/o The Industrial & Prudential Assurance Co., Ltd., Industrial Assurance Bldg., Churchgate St., Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
273	Mr. Chiranjilal Loyalka	Messrs. R. B. Loyalka ..	Cotton and Share Brokers	New Stock Exchange Building, Share Bazaar, Fort, Bombay.
274	„ Ebrahim Dawood Kazi	Mr. Ebrahim Dawood Kazi	Timber	Pine Mansion, Mazagaon, Bombay.
275	„ Dorab R. Davar ..	Messrs. Cornelius & Davar ..	Public Accountants and Auditors	51, Mahatma Gandhi Road, Fort, Bombay.
276	„ Amritlal Hargovandas	„ Hargovandas Lakhmichand	Bankers, Shroff & Grain Merchants	Manek Chowk, Ahmedabad.
277	„ Albert Smith ..	The British India General Insurance Co. Ltd. ..	Insurance	35-43, Churchgate Street, Fort, Bombay.
278	„ Jaykrishna Harivallabhdas ..	Messrs. Shri Ambica Mills Ltd.	Textile Mills	Post Railwaypura, Ahmedabad.
279	„ Narotam Vithal Purshotum ..	„ Vithal Purshotum & Son	Iron Founders and Engineers	Pais Street, Clark Road, Bombay.
280	„ W. G. Groundwater	The Bank of Baroda Ltd. ..	Bankers	Baroda.
281	„ Bapalal P. Parakh	The Ahmedabad Jupiter Spg. Wvg. & Mfg. Co. Ltd.	Textile Mills	Dadhechi Road, Ahmedabad.
282	„ Shivlal Narpatlal Maniar ..	Shri Mahajan Association Ltd.	Cotton	Patwa Chawl, Sheikh Memon Street, Bombay.
283	Mr. Jaysinglal P. Mehta	Mr. Jaysinglal P. Mehta ..	Shipping	644, Merchant St., Rangoon.
284	„ Anandji Haridas ..	Messrs. Anandji Haridas & Co. Ltd. ..	Iron	Argyle Road, Carnac Bunder, Bombay.
285	„ Chamanlal Popatlal Mehta ..	„ C. Mehta & Co. ..	Mill and Gin Stores	70, Tulsi Vihar, Marine Drive, Bombay.
286	„ Narandas Ranchhordas Cantol ..	Mr. Narandas Ranchhordas Cantol ..	Share and Stock Broker	C/o Chugondas & Co., 17, Elphinstone Circle, Fort, Bombay.
287	„ Damodar M. Gandhi	Messrs. Gandhi & Co. ..	Coal Merchants	94, Medows Street, Fort, Bombay.
288	„ Jayantilal Girdharlal Shah ..	Mr. Jayantilal Girdharlal Shah	Insurance Agent	Karanj Bhadra, Ahmedabad.
289	„ Madhukar Gulabshanker Bakshi ..	„ Madhukar Gulabshanker Bakshi ..	do.	C/o Sir Chinubhoy Madhavlal, Gandhi Road, Ahmedabad.
290	„ Krishnaprasad C. Desai ..	The Hukumchand Insurance Co. Ltd. ..	Insurance	Industrial Assurance Building, Churchgate St., Fort, Bom.
291	„ Mathuradas Dwarkadas ..	Mr. Mathuradas Dwarkadas ..	Piecegoods	Ewart House, Tamarind Lane, Fort, Bombay.
292	„ Madhavsinh Kanji ..	The Acme Mfg. Co. Ltd. ..	Manufacturers of Metal wares	9, Wallace Street, Fort, Bombay.
293	„ Pratapsinh Mathuradas ..	Messrs. Vissanji Khimji & Co.	Cotton	9, Wallace Street, Fort, Bombay.
294	„ Gopallal Chhotalal Kothari ..	„ Chimanlal Desai & Co.	Import and Merchants	Gool Mansion, Homji Street, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
295	Mr. Purshottam Meghji ..	Messrs. Purshottam Bhanji & Co.	Gunny and Hessian Merchants	Old Bardan Gully, Isaji Street, Bombay.
296	„ Virchand Meghji ..	Mr. Virchand Meghji ..	Cotton	C/o Messrs. Gill & Co., Ballard Estate, Fort, Bombay.
297	„ Choonilal Dahyabhai	Messrs. Choonilal Dahyabhai & Co.	Chemists and Druggists	Princess Street, Bombay.
298	„ Dawood Haji Nassur	The Eastern Steam Navigation Co. Ltd.	Shipping	24, Mangalore Street, Fort, Bombay.
299	„ Umakant Shrirang Desai ..	Mr. Umakant Shrirang Desai	Stock Broker	Aga Khan Building, 26, Dalal Street, Fort, Bombay.
300	„ G. M. Bhuta ..	Messrs. Master, Sathe & Bhuta	Chartered Architects and Surveyors for Insurance Cos.	Hamam Street, Fort, Bombay.
301	„ Maneklal Pranlal Shah	The Gold Filled Leather Works	Leather & Canvas goods manufacturers	Bhangwadi, Kalbadevi Road, Bombay.
302	„ G. I. Patel ..	Messrs. Gordhandas Desai & Co.	Manufacturers' Agents in Scientific Instruments	Kermani Bldg., Sir P. Mehta Road, Fort, Bombay.
303	„ N. B. Bhagat ..	„ Bhagat & Sons ..	Engineers and Contractors	Siwri, Fort Road, Bombay.
304	„ Vijaysinh Govindji ..	The Indian Globe Insurance Co. Ltd. ..	Insurance	Prospect Chambers, Hornby Road, Fort, Bombay.
305	Mr. Shavakshaw Fakirji Dhalla ..	Messrs. Fakirji Rustomji & Sons	Railway Contractors	Carnac Bridge Goods Station, Bombay.
306	„ Pratapray Manmohandas ..	„ Pratapray Amritlal & Co.	Cotton Brokers	Ranchhoddas Tribhovandas Bldg., Marwari Bazaar, Bombay.
307	„ Mathradas Haridas ..	„ Damodar Anandji ..	Hemp Merchants	66, Karwar Street, Fort, Bombay.
308	„ Mahomed Husein Hasham Premji ..	„ Hashambhai Premji	Rice	Rice Godown, Carnac Bunder, Bombay.
309	„ Kaikhusru A. Dubash	„ Ardeshir B. Cursetjee & Sons	Merchants	6, Rampart Row, Fort, Bombay.
310	„ Madhavji Hariram ..	„ Manilal Mooljee Rangwalla	Colour Merchants	Samuel Street, Vadgadi, Bombay.
311	„ Laxmidas Bhawanidas Vora ..	Mr. Laxmidas Bhawanidas Vora	Landlord and Merchant	65-69, Old Hanuman Lane, Bombay.
312	„ Govindji A. Meisheri	Messrs. Shamji Karamsi & Co.	Cotton Merchants and Exporters	27, Chinch Bunder Road, Bombay.
313	„ Thackersey Hirji Nensey ..	„ Hirji Nensey & Co. ..	Cotton Merchants	7, Elphinstone Circle, Fort, Bombay.
314	„ B. D. Sardesai ..	The Hindustan Construction Co. Ltd. ..	Building Contractors	Construction House, Ballard Estate, Fort, Bombay.
315	„ Rantanchand Khimchand Motishaw	Messrs. R. K. Motishaw ..	Share and Stock Brokers	Motilal Mansion, Apollo Street, Fort, Bombay.
316	„ T. G. Patel ..	The Indian Hume Pipe Co. Ltd.	Manufacturers of Reinforced Concrete Pipes	Sholapur.

No.	Representative.	Member.	Trade.	Address.
317	Mr. Lalchand Hirachand	Mr. Lalchand Hirachand ..	Agriculture & Sugar Manufacture	Post Ravalgaon (Dt. Nasik).
318	„ Thakorlal H. Vakil	Messrs. Vakil Brothers ..	Coal Merchants	15, Hamam Street, Fort, Bombay.
319	„ R. G. Saraiya ..	The Broach City Press Co. Ltd.	Cotton Ginning and Pressing	Navsari Chambers, Outram Road, Fort, Bombay.
320	„ Narottam Keshavlal Shah ..	Mr. Narottam Keshavlal Shah	Piecegoods	C/o Messrs. Savailal Maneklal, M. J. Market., Narain Chowk, Bombay.
321	„ D. M. Soni ..	The Northland Sports Works	Sports goods Manufacturers	Sialkot (Punjab).
322	„ Gordhandas Dwarkadas Ramaiya ..	The Muccadam Association ..	Clearing and Forwarding	Wakefield House, Sprott Road, Ballard Estate, Bombay.
323	„ A. P. Patwardhan ..	Messrs. Annar & Co. ..	Soap Manufacturers & General Anaiytical Chemists	Jhaveri Villa, Gilder Street, Byculla, Bombay.
324	„ F. C. Talwar ..	Mr. F. C. Talwar ..	Export	Model Town, Lahore.
325	„ Ramdas Khimji ..	Messrs. Ramdas Khimji Bros.	Cotton Merchants and Cotton Ginning & Pressing	Albert Building, Hornby Road, Fort, Bombay.
326	„ F. E. Patanwala ..	„ E. S. Patanwala ..	Perfumery & Toilet requisites Manufacturers	182-184, Abdulrehman Street, Bombay.
327	Mr. S. C. Banerji ..	Messrs. Marsland Price & Co. Ltd.	Reinforced Concrete Specialists & Sugar Manufacturers	Construction House, Wittet Rd., Ballard Estate, Fort, Bombay.
328	„ Chhotabhai S. Patel	The Swastik Oil Mills Ltd. ..	Oil Mills and By-products	27, Bastion Road, Fort, Bombay.
329	„ Mahadev M. Singhi	The Cotton Agents Ltd. ..	Merchants & Commission Agents	Apollo Street, Fort, Bombay.
330	„ Amratlal Kalidas ..	Mr. Amratlal Kalidas ..	Share Broker	New Stock Exchange Building, Dalal Street, Fort, Bombay.
331	„ Harilal Narottam Contractor ..	Messrs. Ranchhodji Ramji & Co.	Building and Constructional Contractors	Chikalwadi, Bombay.
332	„ Purshotamdas Harkisondas ..	The Bombay Cotton Merchants and Muccadums Association, Ltd.	Cotton, Clearing & Forwarding	Cotton Exchange, Sewree, Bombay.
333	„ Jamnadas Meghji	Messrs. Jamnadas Meghji & Co.	Import-Export and Manufacturers' Representatives	15, Bastion Road, Fort, Bombay.
334	„ Hirji Lakhmidas ..	Mr. Hirji Lakhmidas ..	Cotton Waste Merchant	C/o Virji Peraj Maskai, Maskai Building, 106, Bhandari Street, Bombay.
335	„ Valjee Ladha ..	Messrs. Valjee Ladha & Co.	Cotton Merchants & Commission Agents	Dongri St., Mandvi, Bombay.
336	„ Premchand C. Bhayani ..	„ Jamnadas Chaturbhuj & Bro. ..	Mill and Gin Stores	55, Nagdevi Cross Lane, Bombay.
337	„ Ramji Ravji ..	„ Narsi Nagsee & Co. ..	Cotton Merchants	3, Chinch Bunder, Bombay.
338	„ Mancherji N. Cama ..	Mr. Mancherji Nasarvanji Cama	Newspapers and publishing	Cama Chamber, Medows Street, Fort, Bombay.
339	„ B. S. Pandit ..	The Lakshmi Insurance Co. Ltd.	Insurance	Laxmi Bldg., Sir P. Mehta Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
340	Mr. Nariman K. Santoke	Messrs. Mulla & Mulla ..	Solicitors	51, Mahatma Gandhi Road, Fort, Bombay.
341	Rai Bahadur Jagmal Raja	Rai Bahadur Jagmal Raja ..	Glass Works and Colliery	The Bombay Glass Works, Matunga, Bombay.
342	Mr. Chimanlal Bapalal Parikh ..	The Bombay Uganda Co. Ltd.	Cotton	28, Apollo Street, Fort, Bombay.
343	„ Chandulal P. Parikh	Messrs. C. Parakh & Co. ..	do.	28, Apollo Street, Fort, Bombay.
344	„ Vishram Walji ..	„ Walji Bhimji & Sons	Engineers and Contractors and Coal Merchants	Junnordeo (Dist. Chhindwara, C.P.).
345	„ Sikander Khan Dehlavi ..	The Eastern Federal Union Insurance Co. Ltd.	Insurance	Rahimtoola House, Homji St., Fort, Bombay.
346	„ Vallabhdas Vasanji	The Bombay Malabar Kariana Merchants' Association.	Spices	Katha Bazaar, Bombay.
347	„ Bhulabhai J. Desai	Mr. Bhulabhai J. Desai ..	Advocate	89, Warden Road, Bombay.
348	„ Maganlal Bhikhabhai Patel ..	The New Rajpur Mills Co. Ltd.	Textile Mills	Gomtipur Road, Railwaypura, Ahmedabad.
349	„ Chimanlal Bhogilal Desai ..	National Studios Ltd. ..	Talkie Producers	Tardeo Road, Bombay.
350	Mr. Navalchand Tarachand Shah ..	Mr. Navalchand Tarachand Shah	Share, Stock and Finance Broker	102, New Stock Exchange Bldg., Apollo St., Fort, Bom.
351	„ Mandanlal Paliram ..	Messrs. Brijlal Madanlal ..	Cotton	405, Mimraj Building, New Hanuman Lane, Kalbadevi Road, Bombay.
352	„ Shantilal Vadilal ..	„ Shantilal Vadilal & Co.	Mill and Gin Stores	Ellis Bridge, Kalyan Society, Ahmedabad.
353	„ Mansukhlal Sukhlal Tarwala ..	Mr. Mansukhlal Sukhlal Tarwala	Share Broker	48, Marwari Bazaar, Bombay.
354	„ Kalidas Jasraj ..	Messrs. Kalidas Jasraj ..	Cotton	Marwari Bazaar, Bombay.
355	„ Khimji Bhavanji ..	„ Bhawanji Lakhmidas & Co.	Cotton and Commission Agents	72-80, Musjid Bunder Road, Bombay.
356	„ Nanji Kalidas ..	„ Shamji Kalidas & Co.	Merchants, Commission Agents and Exporters	12, Champa Galli, Mulji Jetha Building, Bombay.
357	„ Chandulal Kasturchand ..	„ Chandulal Kasturchand ..	Cotton	Cotton Exchange Building, Room Nos. 506–507, Marwari Bazaar, Bombay.
358	„ Ramanbhai Manibhai	„ Chimanlal Premchand ..	Cotton and Commission Agents	Piperdi's Pole in Hajapatel's Pole, Ahmedabad.
359	„ Mangulal Trikamlal Parikh ..	„ Bapulal Trikamlal Parikh ..	Shroffs and Commission Agents	Ganeshwadi, Bombay.
360	„ Bhanji Devji Khimji	The Arjan Khimji Ginning & Pressing Co. Ltd.	Cotton	Western India House, Sir P. Mehta Rd., Fort, Bombay.
361	„ Moolji Dayal ..	Shree Sajjan Mills Ltd. ..	Textile Mills	28, Apollo Street, Fort, Bombay.
362	„ Jethabhai J. Kotak ..	Messrs. Purshotamdas Madhavani & Co.	Import-Export	8, Elphinstone Circle, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
363	Mr. Murarji Jadavji Vaidya ..	Messrs. Hansraj Sons ..	Millowners and Agents	Bombay Silk Mills, Colaba, Bombay.
364	„ Ratilal T. Thakkar ..	„ Ratilal & Co. ..	Cotton	Opp. New Cotton Exchange, 1-3, Bhuleshwar Corner, Bombay.
365	„ Durlabhji Umedchand Parikh ..	„ Durlabhji Umedchand Co.	Cotton, Seeds and Bullion Brokers	177-79, Kalbadevi Road, Bombay.
366	„ Mohanlal A. Parikh ..	„ Mohanlal Hargovinddas & Co. ..	Shroff and Commission Agents	51, Dadyshet Agyari Street, Bombay.
367	„ E. S. Marker ..	„ S. D. Marker & Co. ..	Sanitary Engineers and Contractors	Ismail Building, Hornby Road, Fort, Bombay.
368	„ Padmakant Jekisondas Shroff ..	Mr. Padmakant Jekisondas Shroff	Share and Stock Broker	Cama Bldg., Dalal Street, Fort, Bombay.
369	„ Kalyanji Mavji ..	„ Kalyanji Mavji ..	Coal Merchant	55, Apollo St., Fort, Bombay.
370	„ Harkishandas Narottamdas ..	Messrs. Narottamdas Premchand & Sons ..	Wholesale Grain & Spices Merchants	Bhawani Peth, Poona City.
371	„ K. B. Mehta ..	Mr. Kantilal Balabhai Mehta	Shipping (Branch Manager, B. S. N. Co.)	Bhavnagar Para.
372	„ K. C. Desai ..	„ Keshavprasad Chhotalal Desai ..	Insurance (Manager of Insurance Companies)	Industrial & Prudential Assurance Co., Industrial Assurance Bldg., Churchgate Street, Fort, Bombay.
373	Mr. Dinsha D. Shroff ..	Mr. Dinsha D. Shroff ..	Auditor	Wadia Bldg., 163, Churchgate Reclamation, Bombay.
374	„ Jethalal D. Dave, Vaidya ..	„ Jethalal D. Dave, Vaidya	Ayurvedic Medicines	Gandhi Road, Ahmedabad.
375	„ Harivadan Thakore ..	The Indian Cotton Oil Mill ..	Cottonseeds crushing	Navsari.
376	„ Chandulal Sarabhai Modi ..	Messrs. Sarabhai & Co. ..	Importing Agents	Elphinstone Circle, Fort, Bombay.
377	„ Bhikhabhai Laxmidas	The Bombay Oil Merchants' Association ..	Oil	C/o Mulji Jaitha & Co., Katha Bazaar, Bombay.
378	„ Ambalal Bhogilal Parikh ..	The Metal Exchange Association	Metals	42, Marwadi Jamnadas Bansidher's Mala, 2nd Bhoiwada, Bhuleshwar, Bombay.
379	„ P. Ranchhoddas ..	Sunderdas Saw Mills ..	Furniture Manufacturers	Opp. Reay Road Station, Bombay.
380	„ Jivanlal Chunilal Chinai .	Messrs. Nagindas Fulchand Chinai	Raw Silk	Chinai Building, 79, Musjid Bunder Road, Bombay.
381	„ N. H. Pujara ..	„ Ahmed Oomerbhoy ..	Oil Millers and Exporters	Two Tanks, Grant Road, Bombay.
382	„ V. H. Hazarat ..	„ Hazarat & Co. ..	Export of Indian Yarn & Import of foreign yarns, etc.	106, Cowasji Patel Street, Fort, Bombay.
383	„ Ravjibhai Nathabhai Amin ..	Indo-Stationery Mart ..	Stationers and Printers	Rahimtoola House, Homji St., Fort, Bombay.
384	„ S. K. Khandwala ..	Messrs. Manilal Mohanlal Parikh	Mill and Gin Stores	C/o Ramchandra & Co., Kapasia Bazaar, Ahmedabad.
385	„ Dwarkadas Haridas Vakharia ..	„ Popatlal Ghellabhai & Co.	Hosiery	104, Chakla Street, Bombay.

No.	Representative.	Member.	Trade.	Address.
386	Mr. Lakhamsi Ghelabhai Shah ..	Messrs. Lalji Poonsi & Co. ..	Grain and Rice	3, Chinch Bunder Road, Bombay.
387	„ Jadavji Narshidas ..	„ Narshidas Jagjivandas	Cotton and Seeds	Danapith, Bhavnagar (Kathiawar).
388	„ Arvindchandra A. Trivedi ..	„ Trivedi Shah & Co. ..	Insurance Representatives and Commission Agents	Lalgir Mansion, Tamarind Lane, Fort, Bombay.
389	„ Harilal J. Trivedi ..	„ Chhaganlal Khimji & Co.	Flour Merchants	Duncan Road, Bombay.
390	„ Bisheshwar Dayal Mukatlal ..	„ Jugalkishore Mukatlal	Cotton, Seeds and Grain Merchants and Brokers	178-80, Kalbadevi Road, Bombay.
391	„ Premji Keshavji ..	Mr. Premji Keshavji ..	Cotton and Commission Agent	Latur (B. L. Rly.).
392	„ Purshottambhai Surchand ..	Messrs. Purshottam Surchand ..	Bankers, Commission Agents, Grain, Seeds & Cotton	Mangaldas Road, Princess Street, Bombay.
393	„ Govindramji ..	„ Govindram Seksaria	Bankers & Commission Agents	Bansilal Abeerchand Building, 18, Marwari Bazaar, Bombay.
394	„ Gordhandas Jamnadas	„ Gordhandas Jamnadas & Co.	Seeds & Wheat	Jenabai Bldg., Musjid Bunder Road, Mandvi, Bombay.
395	„ Shriman Shripat ..	„ Shripat Gordhandas & Sons	Share & Stock Brokers	Forbes Building, Home Street, Fort, Bombay.
396	Mr. Haridas Madhavdas	Messrs. Madhavdas Amersey & Co.	Cotton	Oriental Building, 65, Mahatma Gandhi Rd., Fort, Bombay.
397	„ Hemraj Anandilal ..	„ Anandilal Hemraj & Co.	do.	Cotton Exchange Bldg., Room No. 803, Marwari Bazaar, Bombay.
398	„ Gangaram Agarwala	„ Shivdhanmal Agarwala ..	Brokers & Commission Agents	336-B, Surajmal's Chawl, Kalbadevi Road, Bombay.
399	„ Parmeshwarlal Duwarkadass ..	„ Basantlal Gorakhram	Shroffs & Commission Agents	Raj Mahal, Bhuleshwar, Bombay.
400	„ Ratansey Karsondas	„ Madhavsinh & Co. ..	Flour Merchants	Two Tanks, Duncan Road, Bombay.
401	„ Hansraj Goculdas ..	„ Mathuradas Kanji ..	Merchants and Muccadums	9, Wallace Street, Fort, Bombay.
402	„ Ghelabhai Soonderji	„ Monji Soonderji ..	Piecegoods	71/73, Chakla Street, Bombay.
403	„ Chandulal Kalidas Shah ..	Mr. Chandulal Kalidas Shah	Mill and Gin Stores	Panchkuva, Ahmedabad.
404	„ Chandulal Bapalal Chokshi ..	„ Chandulal Bapalal Chokshi ..	Share Broker	Dhana Sutar's Pole, Kalupur, Ahmedabad.
405	„ Chhabildas V. Gajjar	Messrs. Mistry & Gajjar (India) Ltd. ..	Engineering	Kapasia Bazaar, Railwaypura Post, Ahmedabad.
406	„ Hiralal N. Desai ..	„ H. Desai & Co. ..	Insurance Underwriters	Khadia, Golvad, Ahmedabad.
407	„ Nandlal Chhaganlal	„ Dharamsi Dinkarrao & Nandlal ..	Solicitors	Fort Chambers, Dean Lane, Bombay.
408	„ Chandulal T. Shah	„ C. T. Shah & Co. ..	Insurance Agents	12, Rampart Row, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
409	Mr. Nemidas Dewjee Tokarsee ..	Mr. Nemidas Dewjee Tokarsee ..	Rice	C/o M/s. Dewjee Tokarsee & Co., Bhat Bazaar, Bombay.
410	„ M. M. Mundkur ..	The Bombay Fire and General Insurance Co. Ltd.	Insurance	United India Life Bldg., Sir P. Mehta Rd., Fort, Bombay.
411	„ Ramdas Girdhardas	Messrs. Ramdas Girdhardas & Co.	Piecegoods	M. J. Market, Ghadial Gulli, Bombay.
412	„ Gordhandas Jadavji	„ Doongarsi Gangji & Co.	Commission Agents and Merchants	84, Musjid Bunder Road, Bombay.
413	„ S. D. Prabhavalkar ..	Mr. S. D. Prabhavalkar ..	Engineer and Contractor	Neptune Building, Hornby Road, Fort, Bombay.
414	„ Dorab Framji Kapadia	„ Dorab Framji Kapadia ..	Textile Industry	24, Walkeshwar Road, Malabar Hill, Bombay.
415	„ Jamnadas M. Rajput	„ Jamnadas M. Rajput ..	Publicity Consultant	Purshotam Nivas, New Queen's Road, Bombay.
416	„ Nariman D. Adenwalla ..	Messrs. Nariman D. Adenwalla & Co.	Accountants and Auditors	418, Chhotalal Bhuvan, Kalbadevi Road, Bombay.
417	„ Vasantray A. Ojha ..	„ Amritlal Ojha & Sons	Colliery	Rahman Bldgs., Churchgate Street, Fort, Bombay.
418	„ Jal Hirji Taraporevala	Mr. Jal Hirji Taraporevala ..	Bookseller, Publisher, etc.	C/o Messrs. D. B. Taraporevala Sons & Co., 210, Hornby Road, Fort, Bombay.
419	Mr. Purshotamdass Popatlal ..	The Bombay Yarn & Silk Merchants' Association	Yarn & Silks	Tamba Kanta, Bombay.
420	„ Yacoob H. A. Lalljee	Messrs. Hooseinbhoy Abdoolabhoy Lalljee & Co.	Insurance Agents & Import-Export	Navsari Building, Hornby Rd., Fort, Bombay.
421	„ Bodh Raj Tannan ..	Mr. Bodh Raj Tannan ..	Chartered Accountant	Bank of Baroda Building, Apollo Street, Fort, Bombay.
422		The Bank of Hindustan Ltd. ..	Bankers	Madras.
423	„ Bhogilal Laherchand	The Bombay Diamond Merchants' Association	Diamonds	114-16, Khara Kuva, Javeri Bazaar, Bombay.
424	„ Esmail A. G. Moloobhai ..	Messrs. Goolamhusein Moloobhai ..	Share, Stock and Exchange Brokers	76, Tamarind Lane, Fort, Bombay.
425	The Hon'ble Mr. Narayandas Girdhardas ..	The Hon'ble Mr. Narayandas Girdhardas ..	Insurance, Banking and Mining	Khooshaldas Gardens, Kilpauk, Madras.
426	Mr. Shantaram Raghunath Shirgaokar ..	Mr. Shantaram Raghunath Shirgaokar ..	Sugar Manufacture	C/o Kolhapur Sugar Mills Ltd., Kolhapur—Shahupuri.
427	„ Ruttonshaw Pestonjee Dalal ..	„ Ruttonshaw Pestonjee Dalal	Incorporated & Registered Accountant	Trafford House, Prescott Road, Fort, Bombay.
428	„ R. S. Kodange ..	The Indian Bank Ltd. ..	Bankers	Sir P. Mehta Road, Fort, Bombay.
429	„ Nowrosji Maneckji Bhathena ..	Mr. Nowrosji Maneckji Bhathena ..	Consulting Chemist and Chemical Engineer	8, Reynolds Road, Byculla, Bombay.
430	„ B. S. Dabke ..	The Mahratta Chamber of Commerce and Industries	Chamber of Commerce	New Kitab Building, Laxmi Road, Poona City.
431	„ B. S. Dabke ..	Mr. B. S. Dabke	Piecegoods and Sugar	Anand Bhuvan, Vithalbhai Patel Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
432	Mr. J. L. Mehta ..	The Bombay Life Assurance Co. Ltd. ..	Life Assurance	45-47, Churchgate Street, Fort, Bombay.
433	„ Venkatrao Sista ..	Adarts Ltd. ..	Sales Promotion and Advertising Service	12, Rampart Row, Fort, Bombay.
434	„ Gordhandas Bhagwandas ..	Mr. Gordhandas Bhagwandas ..	Share Broker	Tairsee House, 253, Walkeshwar Road, Bombay.
435	„ Bhaidas Maganlal ..	„ Bhaidas Maganlal ..	do.	Giri Kunj, Hughes Road, Bombay.
436	„ Champaklal Nagindas Mashruvala ..	„ Champaklal Nagindas Mashruvala ..	do.	Giri Kunj, Hughes Road, Bombay.
437	„ T. C. Thakore ..	Messrs. T. M. Thakore & Co.	Importers of Drugs, Patent Medicines, etc.	Readymoney Mansion, Churchgate Street, Fort, Bombay.
438	„ Harkisondass Lukhmidass ..	„ Harkisondass Lukhmidass ..	Share and Stock Brokers	5, Dalal Street, Fort, Bombay.
439	„ Vadilal Chatrabhuj Gandhi ..	„ Vadilal Chatrabhuj ..	Cloth Merchants & Mill Industry	Mulji Jetha Market, Krishna Chowk, Bombay.
440	„ Lallubhai G. Parikh	Mr. Lallubhai G. Parikh ..	Banking, Stock and Share, Gold and Silver	18, Walkeshwar Rd., Bombay.
441	„ Keshavlal Jethalal Majithia ..	„ Keshavlal Jethalal Majithia	Proprietor, Oriental Medical Stores	Princess Street, Bombay.
442	Mr. Ramanlal Chandulal Parikh ..	Messrs. Chandulal T. Parikh	Distributors of Lubricating Oils, Diesel Engines & Chemicals	299, Sandhurst Rd., Bombay.
443	„ Zaverilal Chhaganlal	Mr. Zaverilal Chhaganlal ..	Share and Stock Broker	Arvind House, New Charni Road, Bombay.
444	„ Lalbhai Purshotamdas Patel ..	„ Lalbhai Purshotamdas Patel	Manufacturing Chemicals	91, Dossabhoy Mansion, Walkeshwar Road, Bombay.
445	„ Karsandas Mavji ..	Messrs. Karsandas Narandas	Cotton	Jenabai Building, Musjid Bunder Road, Mandvi, Bombay.
446	„ P. P. Adalja ..	Mr. P. P. Adalja ..	Engineer and Architect	Mustafa Building, Sir P. Mehta Road, Fort, Bombay.
447	„ Nanddas Haridas ..	„ Maneklal Harilal Spg. & Mfg. Co. Ltd. ..	Spg. & Wg. Mills	Ahmedabad.
448	„ Jayantilal Amratlal	The Ahmedabad Laxmi Cotton Mill Co. Ltd.	do.	Shri Sadan, Ellis Bridge, Post Box 42, Ahmedabad.
449	„ A. Bose ..	The Hindustan Electric & Accumulators Mfg. Co. Ltd. ..	Manufacturers of Accumulators	Gustad Chambers, Sir P. Mehta Rd., Fort, Bombay.
450	„ Gopaldas P. Kapadia	Messrs. G. P. Kapadia & Co.	Registered Accountants and Auditors	Hamam House, Hamam St., Fort, Bombay.
451	„ Maganlal M. Shah ..	The Swastika General Trading Co. ..	Cotton Exporters & Importers	Prospect Chambers Annexe, Hornby Rd., Fort, Bombay.
452	„ Bhalubhai Dalsukhbhai Desai ..	The Ahmedabad Share & Stock Brokers' Association ..	Shares & Stock	Manek Chowk, Ahmedabad.
453	Rai Bahadur K. N. Bhandari ..	Rai Bahadur K. N. Bhandari	Mill Owner	C/o Bhandari Mills Ltd., Indore.
454	Mr. P. J. Billimoria ..	The Associated Cement Companies Ltd. ..	Cement Manufacture	Esplanade House, Waudby Road, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
455	Mr. Govindji Jevat ..	Messrs. Virji Ladha & Co. ..	Cotton Merchants and Exporters	19, Chinch Bunder, P. O. Box No. 5024, Bombay.
456	„ Prabhashanker Ramchandra Bhatt ..	Mr. Prabhashanker Ramchandra Bhatt ..	Insurance and Landlord	Ramchandra Mansion, 487, Sandhurst Road, Bombay.
457	„ Rasiklal Somabhai Vakil ..	Messrs. Lalbhai Hirachand ..	Share and Stock Brokers	20, Dalal St., Fort, Bombay.
458	„ Mojilal P. Pandya	Mr. Mojilal P. Pandya ..	Banking	Netherlands Trading Society, Royal Insurance Building, Churchgate Street, Fort, Bombay.
459	„ Mohanlal Kevaldas ..	„ Mohanlal Kevaldas ..	Silver Merchant	C|o Vadilal Chunilal, Bullion Exchange Hall, Bombay.
460	„ M. S. Pandit ..	„ Mahadeo Shivram Pandit	Machinery & Town Lighting Schemes	15, Forbes Street, Fort, Bombay.
461	„ Vasantram Jamietram Vakil ..	„ Vasantram Jamietram Vakil ..	Advocate	Lentin Chambers, Dalal St., Fort, Bombay.
462	„ N. P. Motiwala ..	Messrs. Bennett & Co. ..	Auctioneers & Commission Agents	120, Apollo St., Fort, Bombay.
463	„ Khimjee Shamjee Popat ..	„ Keshowjee Muljee & Co. ..	General Insurance Brokers & Commission Agents	283, Samual Street, Vadgadi, Bombay.
464	„ J. M. Atmaram Bhukhanvala ..	Mr. J. M. Atmaram Bhukhanvala ..	Solicitor	Lentin Chambers, Dalal St., Fort, Bombay.
465	Mr. D. M. Dahanukar ..	The Maharashtra Sugar Mills, Ltd. ..	Sugar-cane growers and Sugar Manufacturers	Industrial Assurance Building, Churchgate St., Fort, Bombay.
466	„ H. M. Desai ..	The Bombay Steam Navigation Co. Ltd. ..	Shipping	Scindia House, Dougall Road, Bombay.
467	„ R. C. Mehta ..	Mr. R. C. Mehta ..	Chief Auditor, Municipal Corporation	Jarivala Bldg., Hughes Road, Bombay.
468	„ O. H. Gheewala ..	„ Ochchhavlal Harkisondas Gheewala ..	Banking	C|o National City Bank of New York, Hornby Road, Bombay.
469	„ D. D. Eklahare ..	The Indian Paper Clips Co. Ltd. ..	Manufacturers of Paper Clips	Mherwan Bldg., Sir P. Mehta Road, Fort, Bombay.
470	„ M. K. Vatsaraj ..	The Property & Loans Ltd.	Property Owners, Financiers	Mherwan Bldg., Sir P. Mehta Road, Fort, Bombay.
471	„ Chandulal J. Shah ..	Indian Motion Picture Producers' Association	To safegaurd the interests of the Motion Picture Industry	1-B, Sir Mangaldas Estate, Lamington Road, Bombay.
472	Khan Saheb Hajee Haiderally Hajee Bachooally ..	Khan Saheb Hajee Haiderally Hajee Bachooally	Landlord	Bachooally House, Sandhurst Rd., East Dongri, Bombay.
473	Mr. R. C. Jalundhwala ..	Messrs. Batliboi & Purohit ..	Accountants and Auditors	125, Mahatma Gandhi Road, Fort, Bombay.
474	„ Nanji Tokarsi ..	„ Kanji Jadhavji & Co.	Stevedores and Contractors	Broach Street, Dana Bunder, Bombay.
475	„ Atmaram Raoji Bhat	Mr. Atmaram Raoji Bhat ..	Industries Finance and Hosiery Manufacture	568, Narayan Peth, Poona.
476	„ V. V. Ramaswamy ..	Messrs. V. V. Shunmuga Nadar & Bros. ..	Export of Grain & Pulse, etc.	74, Khand Bazaar, Bombay.

No.	Representative.	Member.	Trade.	Address.
477	Mr. Chimanlal Bhogilal	Mr. Chimanlal Bhogilal ..	Marble & Tiles	C/o C. Bhogilal & Co., Elphinstone Circle, Fort, Bombay.
478	„ Premchand C. Bhayani ..	The Indian Stock Exchange, Ltd. ..	Stock Exchange	Lakshmi Bldg., Sir P. Mehta Road, Fort, Bombay.
479	„ Damoderdas V. Mehta	Messrs. Malvi Ranchoddas & Co. ..	Solicitors	Yusuf Bldg., Mahatma Gandhi Road, Fort, Bombay.
480	„ C. J. Soneji ..	Mr. C. J. Soneji ..	Textiles	Prasanna Nivas, Dadabhoy Road, Vile Parle (West).
481	„ Tansukhrai M. Karundia ..	Messrs. Ganeshnarayan Onkarmal ..	Merchants, Commission Agents	343, Kalbadevi Road, Bombay.
482	„ Pranlal Devkaran Nanjee ..	„ Devkaran Nanjee Banking Co., Ltd.	Bankers	Elphinstone Circle, Fort, Bombay.
483	„ Nariman D. Sahukar	„ Godrej & Boyce Mfg. Co., Ltd. ..	Manufacturer of Steel Safes etc.	Lalbaug, Parel, Bombay.
484	„ Ramanlal Dahyabhai	Mr. Ramanlal Dahyabhai ..	Shares & General	177-79, Kalbadevi Road, Bombay.
485	„ Maneklal Chunilal Shah ..	„ Maneklal Chunilal Shah	do.	601, Cotton Exchange Bldg., Kalbadevi Road, Bombay.
486	„ Kakalbhai Bhudardas Vakil ..	„ Kakalbhai Bhudardas Vakil ..	Shares & Stock Broker	Sneha Sadan, Tilak Road, Santa Cruz, Bombay.
487	Mr. Girdharlal Trikamlal	Mr. Girdharlal Trikamlal ..	Shares & Stock Broker	Giri Kunj, 71, Marine Drive, Bombay.
488	„ Dinshaw Behramji Irani	„ Dinshaw Behramji Irani	Provision Merchant	C/o The Empire Store, Crawford Market, Bombay.
489	„ Goculdas H. Mehta	Messrs. Harilal Manilal Co. ..	Commission Agents and Exporters	346, Kalbadevi Road, Bombay.
490	„ Raghavji Kanji ..	„ Kanji Shivji & Co. ..	Cotton Merchants and Exporters	116, New Chinch Bunder Rd. Bombay.
491	„ Chunilal Krishnalal Sayta ..	„ Chunilal Krishnalal & Co. ..	Cotton Brokers	608, Cotton Exchange Bldg., Kalbadevi Road, Bombay.
492	„ Bisesarlal Chirawawala ..	„ Bisesarlal Chirawawala ..	Cotton	807, Cotton Exchange Bldg., Bombay.
493	„ K. P. Ghiara ..	The Western India Oil Distributing Co., Ltd. ..	Importers & Distributors of Petrol and Diesel Oil	Alice Bldg., Hornby Road, Fort, Bombay.
494	„ Umadatt Surajmal Nemani ..	Messrs. Shivnarayana Nemani ..	Cotton, Seeds, Shares Securities, Bullion Importers-Exporters	212, Kalbadevi Road, Bombay.
495	„ Mahomedbhoy I. M. Rowjee ..	Mr. Mahomedbhoy I. M. Rowjee ..	Share and Landlord	50, Mubarak Manzil, Hughes Road, Bombay.
496	„ Vaman Shantaram Dabholkar ..	Messrs. Dabholkar & Jeshtaram ..	Solicitors	80, Mahatma Gandhi Road, Fort, Bombay.
497	„ Vandravan Gordhandas Seth ..	Mr. Vandravan Gordhandas Seth ..	Cotton and Bullion Broker & Commission Agent	381, Ismail Bldg., Hornby Rd., Fort, Bombay.
498	„ Chatrabhuj U. Chheda	„ Chatrabhuj U. Chheda ..	Insurance Agent	300, Narsi Natha Road, Bombay.

No.	Representative.	Member.	Trade.	Address.
499	Mr. Mohanlal T. Shah ..	The Unique Assurance Co., Ltd. ..	Life Assurance	995, Panch Kuva Road, Ahmedabad.
500	„ Hathibhai Galalchand	Mr. Hathibhai Galalchand ..	Cotton Merchant	C/o Shree Mahajan Association, Sheikh Memon St., Bombay.
501	„ Kantilal Sakalchand Choksi ..	„ Kantilal Sakalchand Choksi ..	Cotton	Mandvi Pole, in front of Kaka Balia's Pole, Ahmedabad.
502	„ Russa H. Mehta ..	„ Russa H. Mehta ..	Suppliers of Cotton, Millstores, Textile Machinery & Electrical Goods	C/o Mill Stores Trading Co. of India Ltd., 125, Mahatma Gandhi Road, Fort, Bombay.
503	„ Keshavdeo Navatia ..	Messrs. Bachhraj & Co., Ltd.	Bankers, Cotton Merchants & Commission Agents	396, Kalbadevi Road, Bombay.
504	„ Girdharilal Chokhani	„ Dalmia Cement & Paper Marketing Co., Ltd.	Cement and Paper Manufacturers and Sellers	Bharat Bldg., 15, Elphinstone Circle, Fort, Bombay.
505	„ C. A. Buch ..	The Ratnagar Steam Navigation Co., Ltd. ..	Shipping	Scindia House, Dougall Road, Ballard Estate, Bombay.
506	„ Dhirajlal Nemchand Shroff ..	Mr. Dhirajlal Nemchand Shroff ..	Textile Mills	40-A, Ridge Road, Malabar Hill, Bombay.
507	„ Navnitlal Chunilal Javeri ..	„ Navnitlal Chunilal Javeri	Electricity	17-B, Elphinstone Circle, Fort, Bombay.
508	„ Jayantilal R. Shroff	The Excelsior Electric Lamps Ltd. ..	Electrical goods	16, Apollo St., Fort, Bombay.
509	Mr. Vithaldas Manmohandas Thanawala ..	Excelsior Electric Co. ..	Electrical Engineers and Contractors	Kitab Mahal, Hornby Road, Fort, Bombay.
510	„ C. M. Choksi ..	Messrs. Choksi Bros. ..	Cine Raw Films and Photo Materials	Western India House, Sir P. Mehta Road, Bombay.
511	„ Himatlal Motichand Kapadia ..	Mr. Himatlal Motichand Kapadia ..	Share and Stock Broker	Malabar View, Chaupatty, Bombay.
512	„ Calian Dattatraya Vaidya ..	„ Calin Dattatraya Vaidya	Landlord	121, Mahatma Gandhi Road, Fort, Bombay.
513	The Hon. Mr. Manockji Nadirshaw Dalal	The Hon. Mr. Manockji Nadirshaw Dalal ..	Architect, Civil Engineer and Landlord	41, Cuffe Parade, Colaba, Bombay.
514	Mr. S. N. Kalbag ..	Orient Drug Agency ..	Sole Agents in Bombay & Calcutta for Bengal Chemical & Pharmaceutical Works Ltd.	Devkaran Mansions, Princess Street, Bombay.
515	„ Narsee Monjee ..	Mr. Narsee Monjee ..	Cigarette Manufacturer	C/o Golden Tobacco Co., Vile Parle.
516	„ S. R. Tata ..	The Bombay Provision Merchants Association	Provision	C/o Messrs. Yazdani & Co., Sitaram Bldg., Crawford Market, Bombay.
517	Dr. Khwaja A. Hamied	Dr. Khwaja A. Hamied ..	Chemical & Pharmaceutical Products	12, Rampart Row, Fort, Bombay.
518	Mr. Bhagwanlal P. Worah	Mr. Bhagwanlal P. Worah ..	Coal & Railway Contractor	14, Hamam Street, Fort, Bombay.
519	„ Kantilal Ishvarlal ..	„ Kantilal Ishvarlal ..	Share & Stock Broker	Stock Exchange Bldg., Dalal Street, Fort, Bombay.
520	„ Chinubhai C. Dalal	„ Chinubhai C. Dalal ..	do.	Stock Exchange Bldg., Dalal Street, Bombay.
521	„ K. H. Nawab ..	Messrs. K. H. Nawab & Co. ..	Mill Stores and Sizing Materials	Mandvi St., Nagjeebhuder's Pole, Ahmedabad.

No.	Representative.	Member.	Trade.	Address.
522	Mr. Chhotalal Jamnadas	Messrs. Chhotalal Jamnadas & Co.	Coal & Railway Contractors	311, Kanji Mansion, Sandhurst Road, Bombay.
523	„ D. V. Deshpande	The United India Life Assurance Co. Ltd.	Insurance	Sir Phirozeshah Mehta Road, Fort, Bombay.
524	„ Kalyanji Dewji	Messrs. Dewji Dharsi & Son	Bankers, Builders & Contractors	Tara Baug Estate, Charni Rd., Bombay.
525	„ R. K. Dalal	„ Dalal & Shah	Registered Accountants & Auditors	49, Apollo St., Fort, Bombay.
526	„ Jayant Amerchand Dalal	„ Amerchand Kalidas	Share and Stock Brokers	Parekh Mahal, Churchgate St, Fort, Bombay.
527	„ Framroze Pestonji Kapadia	Mr. Framroze Pestonji Kapadia	Registered Accountant & Auditor	Aga Khan Bldg., Dalal Street, Fort, Bombay.
528	„ P. M. Kabalee	Air Services of India, Ltd.	Air Services	Brabourne Stadium, Churchgate Reclamation, Bombay.
529	„ Maneck Pheroze Mistry	Messrs. Kalyanivala & Mistry	Regd. Inc. Accountants	20, Apollo St., Fort, Bombay.
530	„ Gordhandas Jadavji	The Bombay Yarn Exchange Ltd.	Yarn	Hanuman Bldg., Tambakanta, Bombay.
531	„ Shantilal H. Shah	The Kathiawad, Ltd.	Printers and Publishers	Ranpur (Kathiawar).
532	Mr. Mohamed Moloobhoy	Messrs. Ahmed S. Moloobhoy & Sons	Shipchandlers & Scrap Iron	281, Nagdevi St., Bombay.
533	„ M. R. Zaveri	The Advertising Agency	Advertising Agents and Consultants	89, Princess Street, Bombay.
534	„ Anandji Haridas	The Bombay Steel Traders Association	Iron and Steel	Iron Market, Carnac Bunder, Bombay.
535	„ Champaklal Devidas	Mr. Champaklal Devidas	Stock Broker	36, Dalal St., Fort, Bombay.
536	„ Jivandas Virji	„ Jivandas Virji	Share Broker	6|8, Dalal St., Fort, Bombay.
537	„ Narbheram Harakchand	„ Narbheram Harakchand	Share and Stock Broker	Aga Khan Building, Dalal St., Fort, Bombay.
538	„ S. Ramdas	„ S. Ramdas	do.	do.
539	„ Jivanchand Ratanchand Motishaw	„ Jivanchand Ratanchand Motishaw	do.	Apollo Street, Fort, Bombay.
540	„ Dwarkadas Chapsey	„ Dwarkadas Chapsey	Exchange Broker	Chapsey Building, Princess St., Bombay.
541	„ N. C. Jerajani	Messrs. Gopaljee Waljee & Sons	Financiers and Gen. Merchants	315|321, Hornby Road, Fort, Bombay.
542	„ Narahari Rama Sharma	The Retail & Dispensing Chemists Association	Chemists and Druggists	310, Lamington Rd., Bombay.
543	„ Krishnaprasad Chhotalal Desai	Mr. Krishnaprasad Chhotalal Desai	Insurance	C/o Vulcan Insurance Co., Ltd., Industrial Assurance Bldg., Churchgate St., Fort, Bombay.
544	„ F. J. Guzdar	Messrs. J. S. Guzdar & Sons	Share and Stock Brokers	Old Stock Exchange Bldg., Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
545	Mr. Dharani Mohan Ghosh	Messrs. Bengal Chemical and Pharmaceutical Works Ltd., Bombay Branch	Mfg. of Pharmaceuticals, Chemicals and Perfumeries	Cadell Road, Bombay.
546	„ Virji S. Chheda ..	„ Keshavji Virji & Co.	Import-Export	8, Elphinstone Circle, Fort, Bombay.
547	„ J. H. Modi ..	„ Daphtary, Ferreira & Divan ..	Solicitors and Notaries Public	13|19, Medows Street, Fort, Bombay.
548	„ Motichand G. Shaha	Mr. Motichand G. Shaha ..	Engineer and Contractor	Sambhava Chambers, Sir P. Mehta Road, Fort, Bombay.
549	„ Anant Subrao Balsekar ..	„ Anant Subrao Balsekar	Banking	C|o The Central Bank of India Ltd., Fort, Bombay.
550	„ S. H. Thaker ..	The Warden Insurance Co. Ltd.	Life Insurance	Ahmedabad.
551	„ Prabhudas Bhailalbhai Patel ..	Mr. Prabhudas Bhailalbhai Patel ..	Electricity	C|o The Nadiad Elec. Supply Co., Ltd., Nadiad.
552	„ Balvantrai Jivanlal Mehta ..	Messrs. Jivanlal & Sons ..	Book-sellers and Publishers	Piramsha Road, Ahmedabad.
553	„ Hari Datt Vasudeva	Mr. Hari Datt Vasudeva ..	Insurance	Commercial House, Calcutta.
554	„ Thakordas Hiralal Marfatia ..	„ Thakordas Hiralal Marfatia	Insurance and Commission Agent	Panini Bhint, Surat.
555	Mr. Ramchandra Vinayak Joshi ..	Mr. Ramchandra Vinayak Joshi ..	Insurance Agent	Pandya Street, Gandevi.
556	„ Ganesh Gangadhar Paranjpe ..	Healds & Reeds Mfg. Co.. of India Ltd. ..	Healds and Reeds	28, Apollo St., Fort, Bombay.
557	„ V. K. Merchant ..	Cambay State Mills ..	Spg. & Wvg. Mill	Cambay.
558	„ Sorab D. Dalal ..	Messrs. Sorab Dalal China Clay Works ..	China Clay Mines	Ransipur, Post Sardarpur, Via Vijapur (G. B. S. Rly.).
559	„ Vasudeo N. Cervante	Mr. Vasudeo N. Cervante ..	Merchant	C|o Vasudeo & Co., Sarswati Bag, Dharwar.
560	„ Kanchanlal Chunilal	Messrs. Indralal Kanchanlal & Bros. ..	Motor Dealers & Petrol Supply	Thar's St., Broach.
561	„ S. A. Kajiji ..	The Lonavla Khandala Electric Supply Co. Ltd. ..	Electric Power Supply	Lonavla.
562	„ N. P. Hormusji ..	The Nadiad Electric Supply Co. Ltd. ..	do.	Nadiad.
563	„ Tribhovandas Narandas Mehta ..	The Anand Electric Supply Co. Ltd. ..	do.	Anand
564	„ R. N. Allana ..	Mr. R. N. Allana ..	Share Broker	Dalal St., Fort, Bombay.
565	„ Russa H. Mehta ..	Navsari Cotton and Silk Mills Ltd. ..	Cotton Mills	Navsari.
566	„ Russa H. Mehta ..	Gaekwar Mills Ltd. ..	do.	Billimoria.
567	„ Gopaldas P. Parikh ..	Mr. Gopaldas P. Parikh ..	Mill Stores and Machinery	C|o H. M. Mehta & Co., Railwaypura Post, Ahmedabad.

No.	Representative.	Member.	Trade.	Address.
568	Mr. M. N. Adajania ..	The Panchgani Electric Supply Co. Ltd. ..	Electric Power Supply	Panchgani.
569	„ Hari Keshav Joshi ..	Mr. Hari Keshav Joshi ..	Insurance	152|53, Limayewadi, Sadashiv Peth, Poona.
570	„ Abde A. Tyebjee ..	Messrs. Shalebhoy Tyebjee & Sons ..	Ship-chandlers, Government & Railway Contractors	"Shale" Bldg., Bank St., Fort, Bombay.
571	„ Jamnadas Kherajbhai Ladiwala ..	Mr. Jamnadas Kherajbhai Ladiwala ..	Cement Stones, Tiles, Marbles, etc.	The Tandur & Shahabad Stone Co., Sandhurst Road. Round Temple, Bombay 4.
572	„ Ardeshir Darabshaw Shroff ..	„ Ardeshir Darabshaw Shroff ..	Financial Adviser, Tata & Sons Ltd.	Bombay House, Bruce Street, Fort, Bombay.
573	„ Ratansha Rustomji Patel ..	„ Ratansha Rustomji Patel	Share Broker	Savoy Chambers, Dalal Street, Fort, Bombay.
574	„ Manubhai Keshavlal Jhaveri ..	Messrs. Manubhai Narotamdas & Co. ..	Cotton Waste	2972, Ratanpole, Ahmedabad.
575	„ Bhawanidas Binani	„ Pragdas Mathuradas	Metal Merchants & Bankers	28|30, Anantwadi, Bombay.
576	„ Varjivan Khooshal Gandhi ..	Mr. Varjivan Khooshal Gandhi	Share Broker	C/o Messrs. Devkaran Nanjee (Share Dept.), Devkaran Nanjee Buildings, Elphinstone Circle, Fort, Bombay.
577	„ Haji Abdoola Haji Tarmahomed ..	Messrs. Haji Tarmahomed Ahmed & Sons ..	Government and Municipal Contractors, Ship Stores & General Provisions	528, Inside Crawford Market, Bombay.
578	Mr. Shantilal Hiralal Shah ..	Mr. Shantilal Hiralal Shah ..	Textile Printing, Bleaching, Dyeing, Finishing Chemicals	248, Worli Road, Bombay.
579	„ M. D. Raote ..	Messrs. Narottam Ltd. ..	Rice, Import, Export, General Merchants & Commission Agents	Scindia House, Ballard Estate, Bombay.
580	„ M. G. Vora ..	The Bengal Burma Steam Navigation Co. Ltd.	Ship-owners	Scindia House, Ballard Estate, Bombay.
581	„ R. E. Kumana ..	The Scindia Steamships (London) Ltd. ..	Shipping	Scindia House, Ballard Estate, Bombay.
582	„ K. P. Shah ..	Scindia Steamships (Burma) Ltd. ..	do.	Scindia House, Ballard Estate. Bombay.
583	„ A. H. Ismail ..	The Haj Line Ltd. ..	do.	C|o The Haj Line Ltd., Scindia House, Ballard Estate, Bom.
584	„ S. C. Sheth ..	Messrs. Narottam & Pereira Ltd. ..	Steamship Agents, Bunkerers, Stevedores and Fresh Water Suppliers	C/o Narottam & Pereira Ltd., Scindia House, Ballard Estate, Bombay.
585	„ J. D. Surti ..	The Eastern Bunkerers (Burma) Ltd. ..	Bunkerers, Stevedores and Fresh Water Suppliers	C/o The Eastern Bunkerers (Burma) Ltd., Scindia House, Ballard Estate, Bombay.
586	„ Manubhai M. Patel ..	Messrs. Chunilal Gordhandas & Co. ..	Cloth Merchants, Commission Agents and Manufacturers' Representatives	Panch-kuva, Ahmedabad.
587	„ Shantikumar Narottam Morarjee ..	„ Narottam Morarjee & Co. ..	Shipping	Scindia House, Ballard Estate, Bombay.
588	Mrs. Sumati Shantikumar Morarjee ..	Mrs. Sumati Shantikumar Morarjee ..	do.	"Palm Bun", Juhu, Santa Cruz.
589	Mr. Jayantilal Ratilal Trivedi ..	Mr. Jayantilal Ratilal Trivedi	Government Securities	Devkaran Nanjee Bldg., Elphinstone Circle, Fort, Bombay.

No.	Representative.	Member.	Trade.	Address.
590	Mr. Harshadrai Bhagwandas Parekh ..	Mr. Harshadrai Bhagwandas Parekh ..	Government Securities, Cotton and Bullion	Devkaran Nanjee Bldg., Elphinstone Circle, Fort, Bombay.
591	„ Natvarlal S. Choksey	„ Natvarlal S. Choksey ..	Cotton Broker	Devkaran Nanjee Bldg., Elphinstone Circle, Fort, Bombay.
592	„ Himatlal V. Gandhi	„ Himatlal V. Gandhi ..	do.	Devkaran Nanjee Bldg., Elphinstone Circle, Fort, Bombay.
593	„ Shantilal Liladhar Thar ..	„ Shantilal Liladhar Thar	Merchant and Broker	Devkaran Nanjee Bldg., Elphinstone Circle, Fort, Bombay.
594	„ Vrindavandas H. Bhagat ..	„ Vrindavandas H. Bhagat	Cotton, Bullion, Merchant and Broker	Devkaran Nanjee Bldg., Elphinstone Circle, Fort, Bombay.
595	„ Rasiklal R. Trivedi ..	„ Rasiklal R. Trivedi ..	Banking	Devkaran Nanjee Bldg., Elphinstone Circle, Fort, Bombay.
596	„ H. R. Raja ..	Messrs. Raja Oil Mills ..	Oil Seeds and Oil Milling	88, Musjid Bunder Road, Bombay.
597	„ M. H. Kotak ..	„ Jagmohan Manilal & Co. ..	Cotton	Cotton Exchange Building, Bombay.
598	„ Esmailbhai Virji Madhani ..	„ Ebrahim Manji & Co.	Import, Export, Merchants & Commission Agents	49, Khadak, Bombay
599	„ Ramanlal Dalsukhbhai ..	„ Chhaganlal Kasturchand ..	Tobacco & Commission Agents	Lalsingh Bldgs., Sheikh Memon St., Bombay 2.
600	Mr. Jethalal P. Mehta ..	Mr. Jethalal P. Mehta ..	Freight Broker	Devkaran Nanjee Bldg., Elphinstone Circle, Fort, Bombay.
601	„ Arvind M. Pakvasa	Messrs. Arvind Ramanlal & Co.	Cotton	Western India House, Sir P. Mehta Road, Fort, Bombay.
602	„ Gulabbhai L. Desai	The Bombay Co-operative Insurance Society, Ltd.	Insurance	Co-operative Insurance Building, Sir P. Mehta Road, Fort, Bombay.
603	„ M. D. Mehta ..	Motor House (Gujarat) Ltd.	Motor Cars	Okha Port.
604	„ Chhotalal Sunderji Kapadia ..	Messrs. Jagkumar & Co. ..	Piecegoods, Steel & heavy Chemicals	Prospect Chambers, Hornby Road, Bombay.
605	„ Abdul Karim Haji Ahmed ..	„ Abdul Karim & Co.	Piecegoods, Fents & Silk Millowners	618 19, Ghordan Gully, Mulji Jetha Market, Bombay.
606	„ Gajadhar Somani ..	The Shree Niwas Cotton Mills Ltd. ..	Millowners	DeLisle Road, Parel, Bombay.
607	„ Nurmahomed M. Chinoy ..	Mr. Nurmahomed M. Chinoy	Automobiles	Meher Building, Chowpatty, Bombay.
608	„ Premji Ranchhoddas	„ Premji Ranchhoddas ..	Freight Broker	197, Bazargate Street, Fort, Bombay.
609	„ K. P. Ghiara ..	C. P. Syndicate Ltd. (Nagpur)	Mining	Residency Road, Nagpur.
610	„ Kantilal Madhavdas	Mr. Kantilal Madhavdas ..	Share Broker	19, Mody St., Fort, Bombay.
611	„ Durgaprasad S. Laskari ..	The Bechardas Spg. & Wvg. Mills Ltd. ..	Millowners	Post Box No. 22, Ahmedabad.
612	„ K. S. Ramchandra Iyer ..	Mr. K. S. Ramchandra Iyer ..	Insurance	"Chandra Nivas", Brahminwada, Matunga, Bombay.

No.	Representative.	Member.	Trade.	Address.
613	Mr. Vadilal Lallubhai Mehta ..	Messrs. C. Doctor & Co. ..	Mill Stores, Machinery and Mill Agents	Railwaypura Post, Ahmedabad.
614	„ Jayant P. Shah ..	Mr. Jayant P. Shah ..	Economist	C/o H. L. College of Commerce, Ahmedabad.
615	„ Shantilal Mangaldas	Messrs. Jeshinghbhai Ujamshibhai ..	Shroff and Mill Agents	Manek Chowk, Ahmedabad.
616	„ Manilal Dhanji ..	„ Dhunji Devsey & Co.	Grain & Seeds	285-87, Narsi Natha Street, Mandvi, Bombay.
617	„ Chinubhai Lallubhai Mehta ..	Rohit Mills Ltd. ..	Millowners	Ahmedabad.
618	„ Sagarmall Mody ..	Mr. Sagarmall Mody ..	Yarn and Silk	Tamba Kanta, Opposite Mumbadevi Fountain, Bombay.
619	„ Mahomed Ali Chaiwala ..	Mr. Mahomed Ali Chaiwala ..	Solicitor	15, Military Square Lane, Fort, Bombay.
620	„ K. H. Kabbur ..	„ K. H. Kabbur ..	Colours, Chemicals & Oils	C/o S.K. Kabbur, Ltd., Industrial Assurance Building, Churchgate St., Fort, Bombay.
621	„ Khushalbhai M. Patel	Messrs. Patel & Co. ..	Import, Export and Commission Agents	123-25, Mumbadevi Road, P. O. Box 3004, Bombay.
622	„ Gullamhusein Esmail Dossa ..	„ Kasamali Esmail ..	Wool and Goat Hair	Ismail Bldg., Hornby Road, Fort, Bombay.
623	Mr. Bhagvandas Harkhchand ..	Mr. Bhagvandas Harkhchand	Cotton Broker	144-46, Kalbadevi Road, Bombay 2.
624	„ Kantilal Bakordas ..	Messrs. Manilal Bakordas & Co. ..	Share Brokers	Agakhan Bldg., Dalal Street, Fort, Bombay.
625	„ K. S. Engineer ..	„ Sorab S. Engineer & Co. ..	Accountants and Auditors	381, Hornby Road, Fort, Bombay.
626	„ K. B. Rao ..	Bombay Surgical Co. ..	Manufacturers and Importers of Surgical Instruments and Hospital requisites	New Charni Road, Bombay.
627	„ Jayantilal Shankerlal	The Indian Standard Metal Co., Ltd. ..	Metal Casting & Refining	Chinchpokli Cross Lane, Bombay.
628	„ Girdhardas P. Merchant ..	Messrs. Gopalji & Co. ..	Asafoetida, Camphor, Spices	218, Samuel St., Bombay.
629	„ Fazal I. Rahimtoola	Mr. Fazal I. Rahimtoola ..	Import, Export, Co-operation, Stocks & Shares, Bones, Diamonds, Finance Insurance, Cotton & Ginning & Pressing	Ismail Bldg., Hornby Road, Fort, Bombay.
630	„ Manekji Velji Khona	Messrs. Manekji & Co. ..	Export/Import Textile Chemicals & Produce.	Bombay Mutual Annexe, Gunbow Street, Fort, Bombay.
631	„ Harsukhlal G. Jhaveri	„ Gordhandas & Co. ..	Bullion, Cotton and Seeds Brokers & Merchants	Manekchand Kapurchand Bldg., Marwari Bazaar, Bombay 2.
632	„ J. D. Choksi ..	„ Tata Chemicals Ltd.	Salt and heavy Chemicals	Bombay House, Bruce Street, Fort, Bombay.
633	Seth Badridas K. Daga ..	„ Sir Kasturchand Ltd.	Export/Import, Financiers & Commission Agents	Kodak House, Hornby Road, Fort, Bombay.
634	Mr. Mahomedally Hebatbhoy ..	„ Mahomedally Hebatbhoy & Co. ..	Papers, Boards, Spices, Drugs, Yarns, Import and Export	15, Mirza Street, Bombay.

No.	Representative.	Member.	Trade.	Address.
635	Mr. Shivshanker M. Rajgor ..	Messrs. S. M. Rajgor & Co. ..	Produce Exporters	22, Clive Road, Bombay.
636	„ N. M. Jalundhwala ..	„ Mohan Sons & Co. ..	Insurance	125, Mahatma Gandhi Road, Fort, Bombay.
637	„ Hasmukhlal Thakordas Parekh ..	Mr. Hasmukhlal Thakordas Parekh ..	Share and Stock	C/o Harkisondass Lukhmidass, 5, Dalal Street, Bombay.
638	„ Ramdeo Anandilal Podar ..	Silk & Art Silk Mills Association, Ltd. ..	Silk & Art Silk	Podar Chambers, 109, Parsi Bazaar St., Fort, Bombay.
639	„ Husaini A. Varawalla	Messrs. Allibhoy Sharafally & Co., Ltd. (Mohamadi Fine Art Litho Works	Lithographers & Box Makers	Mohamadi Bldg., Gunpowder Road, Mazgaon, Bombay.
640	„ Dulerai Anandrai Pandya ..	The National Gramophone Record Mfg. Co. Ltd.	Manufacturers of Gramophone Records	110, Medows St., Fort, Bombay.
641	„ Vithal Dattaram Desai	„ Vithal Dattaram Desai ..	Dyes and Chemicals	Villa Belle Vue, Bhatwadi, Bombay.
642	„ Ramnath Podar ..	Messrs. Anandilal Podar & Co.	Bankers, Merchants and Brokers	Podar Chambers, Parsee Bazaar St., Fort, Bombay.
643	„ Ishwarbhai Bhalabhai Patel ..	Shree Bharati Bhandar ..	Provisions, Stationery and Commission Agents	Petit House, Nana's Chowk, Bombay.
644	„ Jethalal Karsandas Doshi ..	Mr. Jethalal Karsandas Doshi	Cotton, Seeds & Shares	144, Kalbadevi Road, Bombay.
645	Mr. J. M. Akhaney ..	The Union Life Assurance Co., Ltd. ..	Insurance	Jan Mansion, Sir P. Mehta Road, P. O. Box 596, Fort, Bombay.
646	„ Jaswantray Manilal Akhaney ..	Mr. Jaswantray Manilal Akhaney ..	do.	P. O. Box 596, Bombay.
647	„ Lalbhai Umedchand Lattha ..	„ Lalbhai Umedchand Lattha ..	Trade Agent, Insurance, Hessian & Cotton Waste	Nagjibhuder's Street, Ahmedabad.
648	„ Indrajit T. Mehta ..	Messrs. Vasav & Co. ..	Colour and Chemicals	Vadgadi, Bombay.
649	„ Javerchand Padamsi	„ Mulji Ratansi & Co.	Spices	344, Katha Bazaar, Bombay.
650	„ Krishnalal U. Malji ..	Mr. Krishnalal Uttamram Malji ..	Grain, General Merchant and Commission Agent	Cheenarwada, Broach.
651	„ Fakirchand Anupchand Dalal ..	„ Fakirchand Anupchand Dalal ..	General Merchant	Undi Vakhar, Broach.
652	„ Jasavantlal Jekisondas ..	„ Jasavantlal Jekisondas ..	Shroff	Thar Khadki, Broach.

RULES AND REGULATIONS

OF THE

INDIAN MERCHANTS' CHAMBER

(As amended upto 24th January, 1938)

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1. The Association shall be styled, "The Indian Merchants' Chamber."

Name.

2. The office of the Chamber will be situate in Bombay.

Office.

3. The objects for which the Chamber is established are :—

Objects.

(*a*) To encourage friendly feeling and unanimity among business community on all subjects connected with the common good of Indian merchants.

(*b*) To secure organised action on all subjects relating to the interests of the Indian business community directly and indirectly.

(*c*) To promote the objects of the Indian business community in matters of inland and foreign trade, shipping and transport, industry and manufacture, banking and insurance.

(*d*) To collect and disseminate statistical and other information securing the promotion of the objects of the Chamber, and to make efforts for the spread of commercial and economic knowledge.

(*e*) To take all steps which may be necessary for promoting, supporting or opposing legislation or other action affecting the aforesaid interest by the Government or any Department

thereof or by any local body or bodies and in general to take the initiative to secure the welfare of the business community in all respects.

(*f*) To make representation to Local, Central or Imperial authorities Executive or Legislative, on any matter affecting trade, commerce, manufacture or shipping, banking or insurance.

(*g*) To undertake by arbitration the settlement of commercial disputes between merchants and businessmen and also to provide for arbitration in respect of disputes arising in the course of trade, industry or transport, and to secure the services of expert technical and other men to that end if necessary or desirable.

(*h*) To advance and promote commercial and technical education and to found and support establishments and institutions for such purposes.

(*i*) To undertake special enquiries and action for securing redress for legitimate grievances of any branch of trade or industry as also all such other action as may be conducive to the extension of trade, commerce or manufacture or incidental to the attainment of the above object.

(*j*) To secure the interests and well-being of the Indian business community abroad.

(*k*) (i) To secure, wherever possible, organised and/or concerted action on all subjects involving the interests of members including 'regulating conditions of employment of industrial labour' in various industries represented by the members of the Organisation.

(ii) To nominate delegates and advisers, etc. to represent the employers of India at the Annual International Labour Conferences of the League of Nations.

(iii) To take up, consider and formulate ideas on the subjects which are on the Agenda of each International Labour Conference.

(iv) To take all steps which may be necessary for promoting, supporting or opposing recommendations or conventions of the International Conference.

(*l*) To purchase, take on lease or in exchange or otherwise acquire any lands, buildings, easements, rights of common or property, immovable or movable, which may be requisite for the purposes of or conveniently used or held in connection with any of the objects of the Chamber ; and to sell, demise, mortgage, give in exchange, or dispose of the same or any part thereof.

(*m*) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Chamber directly or indirectly.

4. There shall be three classes of members :—

Members.

(1) Ordinary, (2) Patrons, and (3) Honorary.

(i) There will be three classes of Ordinary Members :—

(*a*) Residents of Bombay and its suburbs who will have to pay *in advance* Rs. 75 as annual subscription ; but Joint Stock Companies will have to pay *in advance* Rs. 100 per year.

(*b*) Mofussil members who will have to pay *in advance* Rs. 25 as annual subscription.

(*c*) Associations which will have to pay *in advance* Rs. 125 as annual subscription.

Admission Fee :—All the ordinary members and patrons will have to pay *in advance* Rs. 50 as admission fee which will be credited to a capital fund of the Chamber and shall not be expended on revenue account except with the consent of the General Body.

(2) *Patrons* : Indian firms or individual Indian merchants can join as Patrons. Firms will have to pay Rs. 5,000 and individuals Rs. 2,500 as donation, the proceeds of which will be credited to a capital fund which shall not be expended on revenue account but the interest whereof shall be taken to revenue account.

(3) *Honorary Members* : Gentlemen distinguished for public services or eminent in commerce and manufactures or otherwise interested in the aims and objects of the Chamber may be elected as Honorary Members by a General Meeting of the Chamber by two-thirds of the majority of members present at the meeting on the recommendation of the Committee and as such shall be exempted from paying subscriptions. They shall not be entitled to vote at any meeting of the Chamber nor shall they be eligible to serve on the Committee.

Eligibility for membership of the Chamber.

5. Any Indian gentleman, firm or association engaged in mercantile pursuits or interested in trade and commerce desirous of joining the Chamber shall be eligible for membership.

Election of members.

6. The applicant, whether an individual, a firm or an association, shall sign the admission form giving details of business, etc., and send it to the Secretary, with signatures of proposer and seconder who must be members of the Chamber. This application shall be

submitted to the Committee, who shall appoint a Scrutineer. Names of all such applicants, with names of their proposers and seconders, during the month shall be put up on the notice board of the Chamber in the first week of the following month and they shall be there for one whole week. During this period members of the Chamber shall come to the office of the Chamber between 11 A.M. and 5 P.M. (S.T.) and register their votes either for or against the inclusion of such applicants as members of the Chamber. At least five per cent of the members of the Chamber must register their votes to make the ballot valid. The presence in the ballot-box of one negative vote shall cancel six positive votes. If an applicant or applicants gets or get twelve negative votes, he or they shall not be elected. On the seventh day the ballot-box shall be opened at 5 P.M. (S.T.) by the Scrutineer and the Secretary, who shall declare the result of the ballot.

Resignation.

7. Members wishing to resign shall give written notice to the Secretary.

Disqualification of Members.

8. A member shall be deemed to be disqualified if :—

(*a*) He becomes an insolvent.

(*b*) He fails to discharge his subscription for a period extending over twelve months.

Privileges of Members.

9. A member of the Chamber shall be entitled :—

(*a*) To obtain gratis publications of the Chamber.

(*b*) To the free use of the Chamber's library.

(*c*) To vote at all meetings of the Chamber or on any matter referred to the General Body of members by circular.

(*d*) To be elected as an office-bearer of the Chamber.

Meetings of Members.

10. There shall be held a general meeting of members, which shall be called the Annual Ordinary General Meeting within a month of the 31st December when the official year of the

Chamber closes (provided that the Committee can extend the period upto a fortnight by a special resolution) to transact the following business :—

(*a*) To receive the Annual Report of the retiring Committee and the audited statement of accounts of the Chamber.

(*b*) To record the declaration of the result of election of office-bearers for the ensuing year.

(*c*) To elect an auditor for the ensuing year.

(*d*) To transact such other business of which notice may have been given by a member five clear days before the date fixed for the Ordinary General Meeting, and of which the Secretary will have given notice to the General Body of members by post or otherwise two days before the date of meeting.

There shall be held during the course of the year in addition to the Annual Ordinary General Meeting three other ordinary meetings when a *resume* of the work done during the previous quarter will be supplied to members.

A Special General Meeting of members may also be called whenever the Committee think fit ; and the Committee shall also call a Special General Meeting on the requisition in writing of at least ten members of the Chamber stating the object of the meeting.

At least three days' clear notice shall be given to members specifying the day, place, hour and objects of the meeting even when the Special General Meeting is convened by the Committee.

Ten days' clear notice of all other General Meetings, whether ordinary or special, shall be given to members specifying the day, place, hour and object of the meeting. Such General Meetings will also transact such other business of which notice has been given by a member five clear days before the date fixed for the meeting and of which the

Secretary has given notice either by post or otherwise to the General Body of members two days before the date of the meeting.

Quorum.

11. Fifteen members shall be deemed a quorum for a General Meeting whether Ordinary or Special. No business can be transacted at any General Meeting; whether Ordinary or Special, if within 30 minutes of the hour specified for the meeting no quorum is formed. In that case the meeting shall stand adjourned to such date, hour and place as the members present at the meeting may fix.

Adjourned Meeting

12. An adjourned meeting can transact the business for which it is called without the necessary quorum.

Chairman.

13. The Chairman of the Committee shall preside at every General Meeting or the Vice-Chairman in his absence. In the case of the absence of the Chairman as well as the Vice-Chairman, the members present may vote one from among themselves to take the Chair.

Voting at meeting.

14. Every resolution submitted to the meeting shall be decided by a show of hands. In the case of equality of votes the Chairman shall have a casting vote in addition to his own vote. Each member has the right to speak and vote on any subject which may be submitted for consideration at any General Meeting provided that a firm or association have more than one member shall have one vote only though its several members may be present at the meeting and take part therein.

Managing Committee.

15. At every Annual Ordinary General Meeting there shall be elected a Committee to carry out the objects of the Chamber, consisting of the Chairman, the Vice-Chairman and twenty-three members.

Vacancy on the Committee.

16. The Committee shall fill up any vacancy of an ordinary member thereof occurring during the year.

Non-attendance of a member of the Committee without the previous permission of the Committee at meetings of the Committee for three months consecutively will be considered a disqualification for his membership of the Committee and his office shall be considered vacant for the purposes of this rule.

The Secretary will send a reminder to a member of this rule if he has absented himself for two months without the required permission.

Vacancy in the office of the Chairman or the Vice-Chairman

17. Any vacancy during the year in the office of the Chairman or the Vice-Chairman created by resignation shall be filled up by election in accordance with Rule No. 26.

The Chairman and/or the Vice-Chairman can get from the Committee leave of absence from the work of their offices for a period not exceeding four months, whether the leave is to be enjoyed in or outside India ; during such absence of the Chairman the Vice-Chairman shall act as Chairman, and during such absence of the Vice-Chairman, the Committee shall appoint the acting Vice-Chairman from amongst themselves.

Retirement of Committee.

18. The Committee shall retire at the end of its term of office but shall continue in office till its successor is appointed.

Rules of the Committee.

19. The Committee shall frame its own rules for the purpose of regulating its proceeding which may be amended or altered or revised as it may deem expedient.

Secretary.

20. The Committee shall have the power to appoint a Secretary on such remuneration as it may deem proper and prescribe his duties and functions.

Accounts of the Chamber.

21. The Committee shall cause accounts of the Chamber to be kept and all receipts and funds shall be paid into such bank or banks as may be selected by it. Such accounts shall be regularly audited at the close of the year, and adopted at the Ordinary Annual General Meeting.

22. The Committee shall meet at least once a month to dispose of all communications and references and consider all matters which may be on the agenda.

Meetings of the Committee.

23. The Committee shall cause to be kept a book in which the minutes of the proceedings shall be regularly recorded.

Minute Book.

If a member of the Chamber wishes to see this minute book he can do so after giving at least 24 hours' notice to the Secretary of the Chamber.

24. After the commencement of a new official year, representatives of principal trades who are members of the Chamber shall be asked by the Committee to elect Sub-Committees of five members from amongst themselves. All questions relating to these trades coming before the Committee during the course of the year shall be first referred to such Sub-Committees whose suggestions shall then be placed before the Committee. Such Sub-Committees shall be formed only for those trades which have at least ten representatives as members of the Chamber. The work of electing Sub-Committee shall ordinarily be done by the representatives themselves but they can have the assistance of the Secretary of the Chamber if they require it.

Sub-Committees.

The Committee shall at their discretion appoint a Sub-Committee from among their members to consider and report upon such special matters as they may deem expedient and they shall also have the power to invite at their meeting persons other than members of the Chamber and the Committee to consult them or take their advice on such matters as may be deemed necessary.

25. The Secretary shall state in the Register of Members of the Chamber names of individual members and of gentlemen who may be representing, for the time being, any members of the Chamber, whether associations, firms or corporations. All changes in the names of representatives, addresses, etc., shall have to be notified to the Secretary on

Register of Members.

or before the 31st December for purposes of election of the Committee. A list prepared on the basis of this Register will be called the Electoral Roll of the Chamber and shall be deemed as such not only for purposes of the election of the Committee but also for purposes of elections of representatives of the Chamber on various public bodies. For purposes of election of the Committee, only those whose names are thus registered on or before 31st December shall be entitled to vote ; while for purposes of other elections the Secretary shall ask for any changes in the names of representatives, addresses, etc., as provided in the rules relating to those elections, and all such changes or additions or alterations or deletions will be notified to the members within the time specified in the rules for those elections. The elected gentlemen will be considered to be personally elected as representing particular members, and on their places falling vacant through any reason a fresh election will be made according to the rules in force for the time being.

Any member of a firm or its representative, being on that account a member of the Chamber, on his serving the partnership or connection with the firm will no longer be a member of the Chamber.

This rule will not affect Rule 14.

This Register shall contain details regarding business of all members and shall also record the classified list of members according to different trades.

Election of Committee.

26. A list of members of the Chamber together with a list showing the attendance of members of the Committee at their meetings during the year shall be circulated by the Secretary amongst all the members before the 15th of January. Within a week of the receipt thereof nominations for Presidentship, Vice-Presidentship and membership of the Committee duly proposed, seconded and signed by the nominees shall be sent to the Secretary. The Committee shall, before the Annual General Meeting, fix a day which shall be prior to that Meeting, for the election of the members of the Committee and

of the President and Vice-President. The Secretary shall prepare and publish a list of nominations received by him, and shall circulate the same amongst the members of the Chamber along with the intimation of the date fixed for the election of the Committee at least three clear days before the date of election.

The retiring Committee shall appoint two Scrutineers, who must be members of the Chamber but shall not be candidates for election.

On the day of the election the ballot-box will remain open from 10 A.M. (S.T.) to 6 P.M. (S.T.) in the office of the Chamber. The voting papers shall be supplied to the members in the office of the Chamber who shall fill these up and place them in the ballot-box. The President and the Vice-President shall be elected from among the nominations received for the Presidentship and Vice-Presidentship respectively, and 23 members shall be elected from among the nominations received for membership of the Committee. Votes recorded for a candidate for Presidentship or Vice-Presidentship will be *ipso facto* recorded for his election as a member of the Committee. The President and Vice-President shall be ex-officio members of the Committee. The counterfoils of these voting papers shall be signed by members and shall remain with the Secretary or an officer of the Chamber appointed by him. The Scrutineers shall seal the ballot-box as also the packet containing the signed counterfoils of the voting papers at 6 P.M. (S.T.) on the day of the election and with the Secretary will open the ballot-box on the day following the day of election and declare the result by putting up the same on the Notice Board of the Chamber over the Secretary's signature.

This procedure will not apply in the case of the mofussil members, that is to say, members paying Rs. 25 as annual subscription and registered as such in the official Register of the Chamber.

Voting papers shall be sent by post to the mofussil members seven clear days before the date of election. The voting will be carried on in the following manner :—

Big and small printed envelopes addressed to the Secretary of the Chamber will be sent to the mofussil members with voting papers. Members will enclose their voting papers in the small envelope and then enclose both this envelope and a letter duly signed stating that the voting paper is sent by them in the big envelope and send this to the Secretary who shall open it, placing the letter with the signature in one box and the small envelope containing the voting paper, which shall be unsigned, in the ballot-box. This ballot-box shall be opened by the Scrutineers with the Secretary along with the ballot-box for the local members on the day of scrutiny, and all the voting papers will be scrutinised together.

Those who have obtained the highest number of votes shall be deemed to be duly elected. But in the event of refusal to serve on the part of any one or more of them the member or members who has or have obtained the next highest number of votes shall be considered to be elected in his or their place. The new Committee shall take office on the first day succeeding the holding of the Ordinary Annual General Meeting and they shall so continue to act until the holding of the next Ordinary Annual General Meeting. The Trustees of the Chamber for the time being and the member or members of the Chamber representing it in the Indian Legislative Assembly, the Bombay Legislative Council, the Bombay Port Trust, the Bombay Municipality, and the like public bodies will be ex-officio members of the Committee if they are not already members of the same. Such ex-officio members shall not, however, be precluded from contesting the general election.

(*a*) The Committee shall co-opt, out of the General Body of members, 40 (forty) per cent of the association Members.

(*Note.*—For the purpose of calculation under this rule, fraction will be ignored).

(*b*) The new Committee shall further co-opt three ordinary members, who in their opinion will prove useful to them for consultation.

Such co-opted members will be elected by the Committee at their first meeting by ballot from among the members proposed at the meeting by members of the Committee.

Equality of Votes.

27. In the case of equality of votes recorded for the election of the Chairman or Vice-Chairman or both, the Committee will invite a second ballot as to who shall be elected. In the case of equality of votes recorded for members of the Committee lots will be drawn and the election be declared in favour of the member who draws the lot.

Visitors.

28. Any person resident out of Bombay, engaged or interested in mercantile pursuits, visiting Bombay may be introduced as a visitor by any member of the Chamber who has previously obtained permission of the Chairman or in his absence the Vice-Chairman, through the Secretary, provided that a residence beyond one month shall subject such visitors to the rules for the admission of members.

Trustees

28. (A) There shall be not less than three nor more than five Trustees of the Chamber. The Trustees shall be elected by the Committee from time to time and as and when vacancies occur. Each Trustee shall hold office until his death or until he resigns or ceases to be a member of the Chamber or until he is removed from office by a Resolution of the Committee passed at a meeting specially convened for the purpose at which not less than two-thirds of the total number of members of the Committee including ex-officio members, shall be present and at which not less than one-half of the total number of members of the Committee, including ex-officio members, shall vote in favour of such Resolution. The property of the Chamber of whatever description shall subject to the provisions of Rule 29, be vested in and shall, when necessary, be transferred to the Trustees for the time being,

who shall hold the same in trust for the Chamber and the Members thereof for the time being and shall deal with the property of the Chamber as directed by the resolution of the Committee (of which an entry in the minute book shall be conclusive evidence). The Trustees for the time being shall in any legal proceedings be deemed sufficient to represent the Chamber and its Members. The Trustees for the time being shall under the direction of the Committee act in legal proceedings, effect insurances, invest money, execute transfers, leases, mortgages and all deeds, agreements and other documents to be entered into on behalf of the Chamber and shall sign any debentures the issue and form of which may be directed by the Committee and shall generally transact all business of a like nature in such manner as the Committee may from time to time determine. Every direction of the Committee to the Trustees shall be signified by a copy of the relative resolution of the Committee signed by the Chairman of the day and when so signified it shall be obligatory upon and authority to the Trustees to do anything to be done by virtue of such resolution. The Trustees shall be indemnified out of the Chamber's property against all liabilities risk and expense incurred by them as such Trustees.

Borrowing Powers.

28. (B) If at any time the Chamber in general meeting shall pass a Resolution authorising the Committee to borrow money, the Committee shall thereupon be empowered to borrow for the purposes of the Chamber such amount of money either at one time or from time to time and at such rate of interest and in such form and manner and upon such security as shall be specified in such Resolution and thereupon the Trustees shall at the direction of the Committee make all such dispositions of the Chamber property or any part thereof and enter into such Agreement in relation thereto as the Committee may deem proper for giving security for such loans and interest. All members of the Chamber, whether voting on such Resolution or not, and all persons becoming members of the Chamber after the passing of such

resolution shall be deemed to have assented to the same as if they had voted in favour of such resolution.

Funds of the Chamber.

29. All moneys or funds of the Chamber shall be primarily paid into the hands of Secretary who shall pay the same into an account to be opened with any bank that may be approved by the Committee in the name of the Chamber. All cheques on that account shall be signed by the Chairman or in his absence by the Vice-Chairman for the time being and a member of the Committee. In the absence of both the Chairman and the Vice-Chairman cheques shall be signed by two members of the Committee. All cheques shall be countersigned by the Secretary.

Expulsion of Members.

30. The Chamber reserves to itself the right of expelling any member in case he does any act or pursues any conduct that is either in contravention of the rules of the Chamber or detrimental to its credit or is in any way injurious to its welfare and interest or by any other good and sufficient reason it is thought desirable to remove him from his membership of the Chamber. But action on that behalf shall only be taken on the resolution of a General Meeting whereat four-fifth of members present have voted in favour of the proposal.

Alteration in Rules and Regulations.

31. The foregoing rules and regulations shall be copied in a book to be kept with the records of the Chamber. Printed copies of the same shall be forwarded to all the members and no alteration or addition shall be made therein or thereto save and except by a majority of three-fourth of the members of the Chamber present at a General Meeting convened by a notice issued at least seven clear days before the holding of such a meeting and in which all the terms of proposed alterations or additions shall have been clearly set forth.

Rules of the Court of Arbitration of the Chamber

As it is desirable that there should be a tribunal for the speedy disposal of disputes and differences arising between merchants, the Indian Merchants' Chamber has adopted the following Scheme :—

1. There shall be a Court of Arbitration working under the supervision and guidance of the Chamber.

2. The Council of the Chamber shall prepare a list of not less than sixty persons who having consented to do so shall form the Court of Arbitration. Whenever called upon a member or members shall solely or jointly constitute a tribunal for the disposal of a case referred to him or them.

3. There shall be a Committee of five members elected by the Court from among themselves who shall regulate the appointment of arbitrators by the parties for the tribunal, preparing and revising rules of procedure and preparing tables of fees to be charged and paid.

4. This Committee shall be a permanent body but two members thereof shall retire every year and whose places shall be filled up by the Court. The retiring members shall be eligible for re-election.

5. In electing members of the Court, the Council of the Chamber shall have regard to the recommendation of the Chambers of Commerce and Trade Associations affiliated to this Chamber.

6. The Secretary of the Chamber shall be the Registrar of the Court. It shall be his duty to act as Secretary of the Court, its Committee and its tribunal and keep records and do all the executive work of the Court.

7. The rules of the Indian Arbitration Act of 1899, and Schedule 2 of the Civil Procedure Code of 1908 (Arbitration) will apply to the arbitrations under these rules except as modified by them.

8. The disputants who wish to take advantage of this scheme shall execute a reference paper in the form prepared

by the Committee of the Court and file the same with the Registrar.

9. The Registrar will place reference papers before the Committee of the Court. Parties should nominate arbitrators and in case of their failure to do so within a week from the day of filing reference, the Committee of the Court shall appoint two arbitrators, and direct to procure their consent to act in the tribunal. This having been obtained and the tribunal constituted the Registrar shall fix a day for the trial and give notice thereof to the parties.

10. On the day fixed for trial and before they commence it the Arbitrators, if they are more than one, between themselves fix up an Umpire who should take up the arbitration in case of the difference of opinion between the arbitrators. This name shall not be disclosed but shall be written on paper, put in an envelope and sealed. The envelope shall be handed over to the Registrar who will open it only in case of difference of opinion and thereupon immediately request the Umpire to take up the matter.

11. The arbitrators may take oral or documentary evidence, hear parties or their agents, may take expert advice and do everything to come to a right decision of the case.

12. Within one month from the filing of the reference, or such further time as they may extend, the arbitrators shall prepare a written award, sign the same in the presence of the Registrar and hand over the same to him.

13. The arbitrators in their decisions may by writing extend the time to make their award but in no case it will be later than three months from the date of reference. If they fail to make the award within the time prescribed, the Registrar shall forthwith request the Umpire to take up the matter.

14. The Umpire shall make his award within a fortnight from the day he takes it up provided he extends the time to do so by writing, but such shall not exceed two months from the day on which he has taken up the matter. If he

fails to give his award during that time the arbitration shall lapse and the parties may put in a fresh reference.

15. The parties to an arbitration shall pay to the Registrar such fees as may from time to time be fixed by the Committee of the Court.

16. The arbitrators of a tribunal or an Umpire are entitled to such fee or fees for their services as may be fixed by the Committee of the Court.

Rules prepared by the Committee of the Court for carrying on the work of the Arbitration Court

1. The provisions of Act IX of 1899 (Arbitration), will apply to all the arbitration made to this Court under its rules.

2. Under these rules the word, "The Court" means the Court appointed by the Committee to the Arbitration Court.

3. The disputants shall prepare a submission paper in the form (1) of the Indian Arbitration Act, copies whereof will be supplied by the Registrar on payment of anna one.

4. The submission paper shall state :

(*a*) The name of disputants made over in several numbers and arranged as far as practicable as Plaintiffs and Defendants.

(*b*) Each party shall mention in short the facts of his case.

(*c*) Specify the name of the sole Arbitrator or two Arbitrators as the case may be to whom the submission would be made.

(*d*) Specify whether the Arbitrator or Arbitrators have consented to take up the arbitration.

(*e*) A statement showing that the party shall abide by the award made by the Arbitrator or Arbitrators or the Umpire unless it is bad in the law.

(*f*) Specify that they have paid Rs. 20 to the Registrar at the time of the submission paper or in case of more arbitrators than one, Rs. 20 for each arbitrator named.

(*g*) The disputants who are not members of the Chamber shall pay double the fees mentioned in Schedule.

5. On receipt of the reference paper, the Registrar shall fix a day for the hearing of the case and give notice to the Arbitrators and the parties. In case any of the Arbitrators refuse to act, the Committee shall be called upon to nominate an Arbitrator in his place who after signifying his consent will at once take up the matter.

6. The Registrar shall issue notices to the parties to appear before the Arbitration Court with the papers proving their case and the witness, if any.

7. The Court before proceeding with the case and if the Arbitrators are more than one shall write down the name of the Umpire in case of their disagreement, and place the paper in an envelope, seal it and hand it over to the Registrar. The name shall not be mentioned to any person until on the opening of envelope, by the Registrar as hereinafter provided.

8. The Arbitrators shall hear the parties and their witnesses, consider the documents produced and thereafter adjourn to consider their award.

9. Within the time fixed by the Court Rule XII and within such extended time as may be fixed by the Court but in no case more than three months from the date of the submission, the arbitrators shall sign their award in the presence of the Registrar who will attest the same and file it.

10. The Arbitrators shall in the arbitrations make provision for the costs and the proportion in which and by whom and to whom to be paid.

11. If the hearing lasts for more than one day of two hours at a time the arbitrators may fix upon the amount of the Court's costs to be paid per diem by the parties,

12. If the arbitrators do not agree as to the award the non-agreement shall be notified to the Registrar who will open the sealed envelope and will at once refer the matter of difference to the Umpire who will make his award within the time prescribed by Rule XIV of the Court's Rules.

13. When the award is made by the Umpire the same shall be signed by him in the presence of the Registrar who will attest it and file it.

14. The Registrar shall within four days from the filing of the award give notice to the parties and, when applied for, give a copy of the same to him or them.

15. The fees fixed in the Schedule annexed hereto shall be charged under these rules.

SCHEDULE

(1) Fee to be tendered with the Reference paper Rs. 20 for each Arbitrator named in the Reference paper and a fee of Rs. 30 shall be tendered for the Umpire in case the matter is referred to the Umpire provided that Rs. 5 shall be deducted from all such fees as fees due to the Chamber.

(2) The parties before they enter upon hearing shall deposit Rs. 50 for making and stamping the award which will be accounted for at the time of filing the award.

(3) The party applying for copy of the award shall pay full stamps required to be paid under the Stamp Act and the copying charges.

Rules for the Election of Port Trustees by the Chamber

(Adopted at the Extraordinary General Meeting of the Chamber held on Wednesday, the 28th February 1923)

1. The Electoral Roll of the Chamber shall be prepared by the Secretary, giving particulars regarding the respective

trade of each member provided that the name of each member shall be entered under any one of the following trade sections as he may select, viz., (1) Cotton, (2) Piecegoods, (3) Grain and Seeds, (4) General. No member, after once selecting a particular section, shall be allowed to get his name transferred to another section except for special reasons, and the Committee shall decide as to the validity of such reasons. Protests, if any, against the allocation of a member to a particular trade will be examined by a Sub-Committee consisting of two members appointed by the Committee and the Secretary (whose decision shall be final), on any such date as may be fixed by them. Changes regarding other items in the Electoral Roll shall be notified to the Secretary, within three days of the issue of the circular inviting nomination papers from members desirous of standing as candidates for the election of Port Trustees (as provided in the Rule 3) and the Electoral Roll shall be amended accordingly. No vote by proxy shall be allowed.

2. Candidates for the election as Port Trustees, as well as voters should be members of the Chamber, or duly nominated representatives of the members of the Chamber, with their names registered as such in the Register of Members of the Chamber and the Electoral Roll provided that candidates must always be Indians.

3. The Committee of the Chamber shall, as and when necessary, invite applications from members for election as Trustees of Port of Bombay and shall fix the date on which the election shall be held provided that there shall be following allocation of seats to different trade interests :—

Trade	*Seats*
Cotton	1
Piecegoods	1
Grain and Seeds	1
General	2

There may be any number of candidates from each of these sections but only the number allotted to each shall be elected.

4. Any member desirous of standing as a candidate for the election shall signify in writing such his desire to the Secretary seven clear days before the date fixed for the election, and send his nomination signed by his proposer and seconder who must be members of the Chamber stating what particular section he represents provided that he shall be allowed to stand on behalf of that particular section which has been specified against his name in the Electoral Roll under Rule No. 1.

5. If the number of candidates for election for different sections shall be the same as the number of vacancies, the candidates shall be deemed to be duly elected.

6. If the number of candidates for election for different sections shall exceed the number of vacancies, the Secretary shall send the names of such candidates to each member of the Chamber, three clear days before the day fixed for the election, giving particulars regarding the trade which each candidate represents.

7. The Committee of the Chamber shall appoint two Scrutineers for the scrutiny of the voting papers at least seven clear days before the date of the election.

8. On the day of the election, the ballot-box will remain open from 10 A.M to 6 P.M. (S.T.) in the office of the Chamber. Voting papers will be supplied to members of the Chamber in the office of the Chamber and members will fill these up and place them in the ballot-box. The counterfoils of these voting papers shall be first signed by members which shall be retained by the Secretary. The ballot-box will be in charge of the Secretary or an officer of the Chamber appointed by him. Scrutineers will seal the ballot-box at 6 P.M. (S.T.) on the day of the election and after scrutinising the voting papers shall on the day following along with the Secretary declare the result. No duplicate voting paper will be issued unless the original is returned. Candidates and their agents shall not be allowed in the room in which the ballot-box is placed, excepting for the purpose of registering their own votes.

9. The candidate or, when there is more than one Trustee to be elected for the different sections, the candidates not exceeding the number of Trustees to be elected who has or have the largest number of votes shall be declared duly elected.

10. In the event of an equality of votes preventing the due election of any of the candidates, the members shall vote afresh in the manner above laid down in respect of the candidates having an equal number of votes.

11. In the event of a casual vacancy or temporary absence of a Trustee, the same course shall be followed in the appointment of a substitute.

12. * If a candidate is desirous of withdrawing his candidature from the election contest, he should give intimation of his withdrawal to the Secretary so as to reach him at least 48 hours before the day of election.

13. * In case of difference of opinion or a dispute between the candidates for election the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

Rules for the election by the Chamber of a Representative on the Bombay Municipal Corporation

(Adopted at the third Quarterly General Meeting of the Chamber held on 11th November 1922)

1. Candidates for the election as a Corporator of the Bombay Municipality, as well as voters thereof, should be members of the Chamber or representatives deputed by member-firms or member-associations (whose names should be duly notified to the Secretary of the Chamber from time to time) provided that candidates must always be Indians.

2. Those members who wish to become candidates in conformity with Rule 1 should send their names to the office of the Chamber twelve clear days before the date fixed for the election together with the names of proposers and seconders.

3. The Committee of the Chamber shall elect two Scrutineers at least seven clear days before the date fixed for the election.

4. The Secretary of the Chamber shall circulate the names of the candidates at least seven clear days before the date fixed for election.

5. The Committee shall fix a day (notice thereof shall be given to all the members of the Chamber) on which the ballot-box will be kept open from 10 A.M. to 6 P.M. (S.T.). Voting papers will be provided to the members in the office of the Chamber and the members will be required to place them, duly filled in the ballot-box. The slips containing the signatures of the members voting will be placed in another box. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. At 6 P.M. (S.T.) on the date of the election the Scrutineers shall seal the ballot-box and on the next day after scrutinising the voting papers declare the result of the election. A fresh voting paper will only be issued on the return of the original one. It shall not be open to the candidates or to their agents to enter the room containing the ballot-box except for the purposes of recording their votes, nor will they be permitted to arrange refreshments in connection with the election.

6. The candidate who gets the highest number of votes, shall be declared duly elected.

7. In the event of two or more candidates getting an equal number of votes the election shall be held afresh in the manner above laid down in respect of candidates getting an equal number of votes.

8. In the case of there being only one candidate, he shall be declared duly elected.

9. In the case of a casual vacancy necessitating the election of a substitute, the election shall be made in the manner above laid down.

10. *If a candidate is desirous of withdrawing his candidature from the election contest, he should give intimation of his withdrawal to the Secretary, so as to reach him at least 48 hours before the date of election.

11. *In case of difference of opinion or a dispute between the candidates for election the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

Rules for the Election of a Representative of the Indian Merchants' Chamber to the Senate of Bombay University under Act IV of 1928

(Adopted at the Extraordinary General Meeting of the Chamber held on 12th February 1929)

1. The list of Members of the Chamber in force one week before the election date shall be considered as the Electoral Roll, copies of which can be had from the Office of the Chamber on payment of Rupee One each. If any changes are required to be made in the names of representatives, etc., in the Roll, information in writing must be given to the Secretary by members one week before the date of election. No intimation received after the due date will be recognised.

2. Candidates for election should be members of the Chamber or representatives deputed by members provided they are always Indians.

3. Any member desiring to stand as a candidate should send in his name to the office of the Chamber ten days before the date fixed for election together with the names of a

proposer and a seconder, whose names appear on the Electoral Roll.

Any nomination paper which is not in conformity with these Rules shall be deemed invalid and rejected as such.

4. The Committee of the Chamber shall elect two Scrutineers at least five days before the date fixed for election.

5. If there is not more than one candidate for election, the candidate duly nominated shall be declared to be duly elected. If, however, there are more candidates than one, the Secretary shall send the names of all candidates to each member of the Chamber seven days before the date fixed for election.

6. The Committee shall fix a day (notice whereof shall be given to all members of the Chamber) on which the ballot-box will be kept open from 10 A.M. (S.T.) to 6 P.M. (S.T.). Voting papers will be provided to members in the office of the Chamber and members will be required to place them duly filled in the ballot-box. Counterfoils of the voting papers, which should be placed in another box, should be first signed by the voters. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. The Scrutineers will seal the ballot-box at 6 P.M. (S.T.) on the day of election, and shall on the next working day after scrutinising the voting papers, with the Secretary, forthwith declare the result. No duplicate voting paper will be issued unless the original is returned.

7. Candidates or their agents shall not be allowed in the room in which the ballot-box is placed, except for the purpose of registering their own votes, and not more than one voter at a time shall be allowed in the room.

8. A candidate getting the highest number of votes shall be declared duly elected. In the event of two or more candidates getting the highest number of equal votes, the election shall be held afresh in the manner above laid down in respect of only those candidates who get highest number of equal votes, within five days of the declaration of the result.

If of the candidates who have secured an equal number of votes all but one withdraw from the contest and intimate in writing such withdrawal to the Secretary not less than two clear days before such a fresh election, the remaining candidate will be declared to be duly elected.

9. *If a candidate is desirous of withdrawing his candidature from the election contest he should give intimation of his withdrawal to the Secretary so as to reach him at least 48 hours before the day of election.

10. *In case of difference of opinion or a dispute between the candidates for election, the matter should not be taken to the Court but should be referred to the Committee. The candidates should not make personal allegations during their election campaigns.

(*Added at the Quarterly General Meeting of the Chamber held on 27th July 1929).

PUBLIC BODIES ELECTION RULES

1. These rules shall be called the Indian Merchants' Chamber Public Bodies Election Rules.

2. These rules shall apply to all elections by the Committee of representatives of the Chamber on public bodies mentioned in the attached Schedule, on which the Chamber has been or is given permanent representation.

3. All elections under these rules shall be made by the Executive Committee of the Chamber.

4. Any member of the Chamber, who is duly proposed by a member of the Committee and seconded by another member of the Committee shall be eligible to stand as a candidate for election.

5. On a vacancy, to be filled by election under these rules, occurring in any of the public bodies, the Secretary of the Chamber shall circulate the information to all members of the Chamber.

6. Candidates for election shall send in their nomination, so as to reach the Secretary within five days from the date of the circular under Rule 5. Nominations shall be in the prescribed form, copies of which can be had from the Secretary.

7. The President shall fix the date of the election. A list of nominations received, together with information regarding the date of election shall be circulated by the Secretary to the members of the Committee two days before such date.

8. The Election shall be by ballot. In case of tie, the President shall have a casting vote.*

SCHEDULE

1. The Indian Central Cotton Committee.
2. Local Advisory Committee of the G. I. P. Railway.
3. Local Advisory Committee of the B. B. & C. I. Railway.
4. Governing Body of the I.M.M.T.S. "Dufferin".
5. Advisory Committee of the Royal Institute of Science.
6. Advisory Committee of the Bombay Development Department.
7. Bombay Traffic Control Committee.
8. Board of Communications, Bombay.
9. Indian Sailors' Home Committee.

* (Framed and adopted by the Committee of the Chamber on 7th July 1936 and amended on 26th November 1940).

CHAIRMEN OF THE INDIAN MERCHANTS' CHAMBER

1907—13 Sir Manmohandas Ramji.
1913—14 Sir Purshotamdas Thakurdas, C.I.E., M.B.E.
1914—15 Sir Fazulbhoy Curimbhoy, C.B.E.

1915—16	Sir Dinshaw Edulji Wacha.
1916—17	Sir Lallubhai Samaldas, C.I.E.
1917—18	Sir Vithaldas D. Thakersey.
1918—19	Sir Chunilal V. Mehta, K.C.S.I.
1919—20	Mr. Jehangir Bomanji Petit.
1920—21	Mr. Lalji Naranji.
1922	Sir Purshotamdas Thakurdas, C.I.E., M.B.E.
1923	Sir Fazulbhoy Curimbhoy, C.B.E. (from 24-2-23 to 3-9-23).
	Mr. Devidas Madhowji Thakersey (from 4-9-23 to 25-1-24).
1924	Sir Manmohandas Ramji.
1925	Sir Phiroze C. Sethna, O.B.E.
1926	Mr. Lalji Naranji.
1927	Mr. Walchand Hirachand.
1928	Sir Shapurji B. Billimoria, Kt., M.B.E. (from 31-1-28 to 20-3-28.)
	Mr. H. P. Mody (from 30-3-28 to 17-7-28) and
	Mr. L. R. Tairsee (from 28-7-28).
1929	Mr. L. R. Tairsee.
1930	Mr. Hooseinbhoy A. Lalljee.
1931	Sir Chunilal V. Mehta, K.C.S.I.
1932	Mr. B. N. Karanjia (till November).
	Mr. Mathuradas C. Matani (November to January).
1933	Sir Manmohandas Ramji.
1934	Mr. Mathuradas Vissanji.
1935	Mr. Manu Subedar.
1936	The Hon'ble Sir Rahimtoola Chinoy, Kt.
1937	The Hon'ble Mr. Govindlal Shivlal Motilal.
1938	Mr. Gordhandas G. Morarjee.
1939	Mr. J. C. Setalvad.
1940	Mr. Chunilal B. Mehta.

Secretary : Mr. J. K. Mehta.

Assistant Secretaries : Mr. A. C. Ramalingam, and
Mr. K. P. Daru.

CHAMBER'S REPRESENTATIVES ON PUBLIC BODIES—1940

Representative in the Legislative Assembly (Central)

Mr. Manu Subedar, M.L.A.

Representative in the Bombay Legislative Assembly

Mr. M. C. Ghia, M.L.A. (Bombay).

Representatives on the Board of Trustees of the Port Trust

1. Sir Purshotamdas Thakurdas, C.I.E., M.B.E. (Cotton).
2. Mr. Gordhandas G. Morarji (Piecegoods).
3. Mr. Ratilal M. Gandhi (Grain and Seeds).
4. Mr. M. A. Master (General).
5. Mr. Sankalchand G. Shah (General).

Representative on the Bombay Municipal Corporation

Mr. Bhawanji A. Khimji.

Representative on the Advisory Committee of the Bombay Development Department

Mr. Manu Subedar.

Representative on the Indian Central Cotton Committee

Mr. Chunilal B. Mehta.

Representative on the Advisory Committee of the Royal Institute of Science in Bombay

Mr. Kapilram H. Vakil.

Representatives on the Local Advisory Committee of Railways

G. I. P. Railway :—

Mr. Gordhandas G. Morarjee.

B. B. & C. I. Railway :—

Mr. Dhirajlal C. Modi.

Representatives on the Panel of the Railway Rates Advisory Committee

1. Sir Purshotamdas Thakurdas, Kt., C.I.E., M.B.E.
2. Mr. Manu Subedar.

3. Mr. Mathuradas Vissanji.
4. Sir Rahimtoola Chinoy.
5. Mr. Kapilram H. Vakil.

Representative on the Governing Body of the Indian Mercantile Marine Training Ship "Dufferin"

Mr. M. A. Master.

Representative on the Senate of Bombay University

Mr. Mangaldas B. Mehta.

Representative on the Traffic Control Committee (Bombay)

Mr. Mohanlal A. Parikh.

Representative on the Board of Communications

Mr. Keshavprasad C. Desai.

Representative on the Indian Sailors Home Committee

Mr. M. A. Master.

Representative on the Board of the Bombay Telephone Co. Ltd.

Mr. Vithaldas D. Govindji.

Representative on the Sydenham College Advisory Board

The Hon'ble Sir Rahimtoola M. Chinoy, Kt.

OFFICE-BEARERS FOR THE YEAR 1941

President

Mr. M. C. Ghia, M.L.A.

Vice-President

Mr. J. C. Setalvad.

Members of the Committee

Elected:

1. Mr. Amratlal Kalidas.
2. „ Vithaldas D. Govindji.
3. „ Madhavlal M. Bhatt.
4. „ R. G. Saraiya.
5. „ Gordhandas G. Morarji.

6. Mr. B. M. Bhargava.
7. „ Ratilal M. Nanavati.
8. „ M. M. Amersey.
9. „ Behram N. Karanjia.
10. „ Dhirajlal C. Modi.
11. „ Nandvadan J. Gor.
12. „ Mangaldas B. Mehta.
13. „ Nandlal M. Bhuta.
14. „ Sankalchand G. Shah.
15. „ Chimanlal B. Parikh.
16. Prof. Sohrab R. Davar.
17. Mr. Mathuradas Canji Matani.
18. „ Chhotabhai S. Patel.
19. „ Vijaysinh Govindji.
20. „ C. A. Buch.
21. „ Keshavprasad C. Desai.
22. „ H. C. Captain.
23. „ B. S. Dabke.

Co-opted :

(1) *3 Individual Members*

1. Sir Ardeshir R. Dalal.
2. Mr. Fazal Ibrahim Rahimtoola.
3. „ Gordhandas P. Sonawala.

(2) *13 Association Members*

1. The Bombay Bullion Exchange, Ltd. (Mr. Lachhmandas H. Daga).
2. The Bombay Cotton Merchants & Muccadam Association, Ltd. (Mr. Purshotamdas H. Shah).
3. The Bombay Grain Dealers Association (Mr. Khimji Madan Bhujpuria).
4. The Bombay Rice Merchants' Association (Mr. Mahomedhusein H. Premji).
5. The Bombay Yarn & Silk Merchants Association (Mr. Purshotamdass Popatlal).
6. The Chamber of Income-tax Consultants (Mr. Bhogilal C. Shah).

7. The Grain Merchants' Association (Sheth Khimji Shamji).
8. The Indian Insurance Companies' Association (Mr. Mathuradas Dwarkadas).
9. The Indian National Steamship Owners Association (Mr. Shantikumar N. Morarji).
10. The Maharashtra Chamber of Commerce (Mr. M. L. Dahanukar).
11. The Seeds Traders Association (Mr. Ramdas Kilachand).
12. Shri Mahajan Association (Mr. Shivlal N. Maniar).
13. The Sugar Merchants' Association (Mr. Jagjivan Ujamshi Mulji).

Ex-officio :

1. Mr. Manu Subedar, M.L.A. (Central) (Central Legislative Assembly).
2. Sir Purshotamdas Thakurdas, C.I.E., M.B.E. (Bombay Port Trust).
3. Mr. M. A. Master (Bombay Port Trust).
4. „ Bhavanji A. Khimji (Bombay Municipality).
5. „ Chunilal B. Mehta (Indian Central Cotton Committee).
6. The Hon'ble Sir Rahimtoola M. Chinoy (Sydenham College of Commerce Advisory Board).
7. Seth Chatrabhuj Gordhandas (Trustee of the Chamber).
8. Mr. Kapilram H. Vakil (Royal Institute of Science Advisory Board).
9. Mr. Mohanlal A. Parikh (Bombay Traffic Advisory Committee).

Mr. J. K. Mehta, M.A. (*Secretary*).
„ A. C. Ramalingam (*Assistant Secretary*).

LIST OF JOURNALS AND PERIODICALS RECEIVED IN THE LIBRARY OF THE INDIAN MERCHANTS' CHAMBER

Quarterly

1. Empire Cotton Growing Review.
2. Swedish Economic Review.

3. Finish Trade Review.
4. Journal of the Council for Scientific and Industrial Research (Australia).
5. The Journal of the Indian Institute of Bankers.

Bi-Monthly

1. The Yokohama Trade Review.
2. Industrial Safety Survey (International Labour Office).

Monthly

1. *Monthly Bulletin of Statistics issued by the League of Nations.
2. International Conciliation.
3. London Chamber of Commerce Journal.
4. Monthly Journal of the Liverpool Chamber of Commerce.
5. " " " Manchester " "
6. " " " Sheffield " "
7. " " " Bradford " "
8. " " " Nottingham " "
9. " " " Northamptonshire " "
10. Monthly Report on Current Economic Conditions in Japan issued by the Tokyo Chamber of Commerce.
11. The Commercial Review, Alleppey.
12. Southern India Commerce.
13. *National Geographical Magazine.
14. Indian Insurance.
15. Mercantile Guardian.
16. *International Labour Review.
17. Bombay Labour Gazette.
18. Engineering Progress.
19. Monthly Sea-borne Trade Return of British India.
20. Monthly Returns of the Coasting Trade of British India.
21. Monthly Statistics of Cotton, Shipping and Weaving in Indian Mills.
22. Trade at Stations adjacent to Land Frontier Routes.
23. Exports of Indian Artware and Sportsgoods.
24. Kathiawar Trade Statistics.
25. Raw Cotton Trade Statistics.
26. Joint Stock Companies.

27. Statistics of Import and Export Trade in Cotton Yarn and Piecegoods of British India (Issued by the Bombay Millowners' Association).
28. Statistics of Import and Export Trade in Cotton Yarn and Piecegoods of the Bombay Presidency excluding Sind. (Issued by the Bombay Millowners' Association).
29. * Modern Review.
30. * Asia.
31. American Exporter.
32. The German Industrial Echo.
33. German Exporter.
34. Belgium Abroad.
35. Swedish Exporter.
36. Indian Concrete Journal.
37. Monthly Review of the Lloyds Bank.
38. „ „ „ National City Bank of New York.
39. „ „ „ Barclays Bank.
40. „ „ „ Midland Bank.
41. „ „ „ Westminster Bank.
42. „ „ „ Federal Reserve Bank.
43. "Index"—(Svenska Handelsbanken, Stockholm).
44. World Trade (International Chamber).
45. Ubersee Post.
46. Mysore Economic Journal.
47. Tisco Review.
48. N. Y. K. Travel Bulletin.
49. * Fortune (U. S. A.).
50. Indian Trade and Finance.
51. Financial Times.
52. * Times (London) Trade and Engineering Supplement.
53. Safety News.
54. * Indian Textile Journal.
55. * Indian Home.
56. Burma Trade Journal.
57. The Ceylon Trade Journal.
58. Journal of the Motion Picture Society.
59. Public Information Series.

Weekly

1. * Economist.
2. * New Statesman and Nation.
3. * Commerce, Bombay.
4. * Indian Finance.
5. Board of Trade Journal.
6. Indian Trade Journal.
7. Commerce Reports (U.S.A.).
8. Industrial and Labour Information. (I.L.O.).
9. Bombay Government Gazette.
10. * Gazette of India.
11. Commerce and Industry.
12. * Harijan.
13. * Roy's Weekly.
14. Weekly Market Report by Messrs. Premchand Roychand.
15. Report of German Institute for Research.
16. * Indian Social Reformer.
17. * Indian Affairs.
18. Great Britain and the East.
19. The Financial News.
20. Kesari (Bi-Weekly).

Occasional

1. Central Legislative Assembly Debates.
2. Council of State Debates.
3. Bombay Legislative Assembly Debates.
4. „ „ Council Debates.
5. * Publications of the International Labour Office.
6. Indian Tea Statistics.
7. Indian Coffee Statistics.
8. Indian Agricultural Statistics.
9. Wholesale Price of certain Staple Articles of Trade at Selected Stations in India.
10. * Publications of the League of Nations.
11. Bulletins issued by the United States Bureau of Labour Statistics.
12. Bulletins issued by the Government of Bombay, Department of Industry.

* Subscribed for by the Chamber.

13. Bulletins issued by the Government of Bombay, Agricultural Department.
14. Bulletins issued by the Council of Agricultural Research Commonwealth of Australia.
15. Reports of several Chambers of Commerce and other Commercial Associations.
16. Reports of Tariff Board.
17. Customs Tariff of different nations as supplied by the Department of Commercial Intelligence and Statistics, Calcutta.
18. Publications issued by the Department of Commercial Intelligence and Statistics.

Gujerati Periodicals

1. Praja Bandhu (Weekly).
2. Gujerati Punch (Weekly).
3. Sarvoday.
4. Khetiwadi Vignan.
5. Bhagyoday.
6. Prasthan.
7. Majur Sandesh.
8. Suvas.

THIRTY-THIRD ANNUAL GENERAL MEETING

The Thirty-third Annual General Meeting of the Chamber was held on Wednesday, the 29th January 1941 at 12 noon (S.T.), at the Office of the Chamber.

Mr. Chunilal B. Mehta (President) was in the Chair.

The following members were present :—

Mr. M. C. Ghia, M.L.A. (*Vice-President*)

Mr. J. C. Setalvad
„ Manu Subedar, M.L.A.
Sir Rahimtoola M. Chinoy, Kt.
Mr. Behram N. Karanjia
„ Gordhandas G. Morarji
„ M. A. Master
„ R. G. Saraiya
Mr. M. B. Bhargava
„ Alimahomed Mecklai
„ Vijaysinh Govindji
„ M. M. Amersey
„ Pranlal Devkaran Nanjee
„ Mangaldas B. Mehta
„ Nandlal M. Bhuta

Mr. Vithaldas D. Govindji
„ Mathuradas C. Matani
„ Keshavprasad C. Desai
„ Madhavlal Makanji Bhatt
„ Jayantilal M. Shah
„ Krishnaprasad C. Desai
„ Amratlal Kalidas
„ N. J. Gor
„ B. S. Dabke
„ Thakorelal H. Vakil
„ J. J. Kapadia
„ N. C. Jerajani
„ Venkatrao Sista
„ Mohanlal A. Parikh
„ S. K. Dehlavi
„ V. H. Bhagat
„ M. A. J. Noble
„ Morarji J. Vaidya
„ T. C. Thakore
„ Premchand C. Bhayani
„ M. A. Chaiwala
„ M. P. Shah
„ Sarabhai Prataprai
„ C. S. Patel
Mr. C. A. Buch
Indian Mercantile Insurance Co., Ltd.
Mr. Vithaldas Purshotam
„ N. H. Pujara
„ A. R. Bhat
„ K. S. Ramachandra Iyer
„ Gajadhar Somane
„ M. P. Polson
„ R. M. Nanavati
„ J. Doongarsee
„ Jamnadas H. Sanghvi
„ Shamji Vallabhji
„ Lallubhai Girdharlal Parikh
„ Karsondas Tulsidas
„ Thakurdas Nanabhai Merchant
„ J. M. Rajput
„ Vallabhdas Ranchhordas
„ Jethalal Karsundas
„ Ramdas Girdhardas
„ Maneckji V. Khone

Mr. J. K. Mehta (*Secretary*)

The Secretary read the notice convening the meeting.

Mr. Chunilal B. Mehta, President, in placing before the meeting the report of the work done for the previous year and the audited statement of accounts made the following speech :

The period of my Office, as President, has come to an end. It is with mixed feelings that one views such an occasion. There is a natural feeling of relief at being relieved of the burden and responsibilities of the Office, and, on the other hand, there is also a natural pang of sorrow at the termination of a period which gives one scope for some genuine work, as also some serious study of the problems

which confront trade and industries of the country. I am glad that I am leaving this Institution in the hands of Mr. M. C. Ghia, who has been connected with the work of your Committee now for about a decade and who has been taking a genuine and lively interest in its working and who has also worked as your Vice-President for the last year.

Allies Resistance

The most gallant, heroic, loyal and chivalrous defence the British people are putting up against the ruthless onslaughts of their enemies, has won the admiration of the whole world. It was expected by the Germans, specially when the noble and heroic France fell, that there would be no difficulty in crossing over to England. They have encountered, however, stiff resistance there, perhaps, the stiffest they have ever met with. The ruin, which has been wrought in some of the cities in Great Britain, is tremendous and the hardships and terrors, which an ordinary citizen, his wife and children have to encounter daily, are also great and yet the morale of the British people remains unshaken. Our political differences apart, there is no gainsaying the fact that all freedom-loving people, including the people of this country, feel confident that ultimately they will come out of this ordeal and crisis triumphantly. Indeed, as events progress, there is clear evidence that the tide is turning.

Lost Opportunities

I will call India a land of lost opportunities, both from a political and an economic point of view. When the present war started on the 3rd of September 1939, India stood as unprepared as she stood in 1914. The course of the first war, though it provided enough and ample materials for awakening any Rip Van Winkle, and the intervening two decades were all lost upon both the British statesmen and the Indian Government, who apparently did not consider that there was anything at fault or lacking in their administration. Both the British statesmen and the Government of India must have realised very well what was the hitch which came in the way

of India putting forward her best efforts during the last war and what was the hitch which prevented India from rising to her full height even in the present war though two decades have elapsed. And yet, they were content with their usual policy of muddling through and did not take any steps for the realisation of the people's ideals and objectives in their political sphere of life. When they began to think of it, they hemmed it round with so many *ifs* and provisoes that the grace was lost and India remained as dissatisfied as ever. During the seventeen months which have now passed since the outbreak of hostilities, this ineptitude is unfortunately observed, again and again, coming in the way of a bold and independent policy which would have solved the Indian problem. Even in face of such a grave crisis, they remain satisfied with their slip-shod policy, with the result that an India, which stood all *qui vive* with excitement and genuine opposition to the aggressors and violators of liberty and freedom of small nations, became slowly but steadily transformed into a sullen India.

If there are lost opportunities in the political field, there are no less lost opportunities in the industrial field. Even at the charge of repeating platitudes or repeating things over and over again, one is obliged to say that the industrialisation of India would have been complete long before had the Report of the Indian Industrial Commission—a Commission appointed by Government themselves and which had as its chairman no less a person than the then President of the then Munitions Board—been but faithfully followed and had Government conscientiously and scrupulously adopted all measures necessary to turn India from a purely agricultural country into a country sufficiently advanced industrially also and to make her self-contained with regard to necessary industrial products. While the first war was going on, promises were definitely made that every effort would be made to make India industrially self-contained and that industries which were started then with an expense of both time and money would not be allowed to perish for want of adequate Government support. It must be said to the credit of Indian

industrialists that new industries were started and sufficient patronage was given to such industries by the public ; but the same step-motherly attitude as before was unfortunately shown by Government with regard to such industries. The so-called policy of discriminating protection was adopted and the reports of Tariff Boards were several times put away for a long period in the pigeon-holes of the Secretariat or were not acted upon. I am rehearsing all these things to you, as I should like to show how during this year of the war and during the preceding years of peace India has proved to be a land of lost opportunities for industrialisation.

The Hon'ble Sir A. Ramaswami Mudaliar, Member for Commerce, remarked almost in the beginning of this year that :

> "The Government of India were seized of the desirability of preventing the recurrence of a situation where those who assumed the responsibility of production for war need or to meet the inevitable lacuna in imports would not be left high and dry when the immediate purpose of their undertaking ends."

We appreciate these remarks ; and we hope that his assurance will be carried out in letter and spirit by the Government of India whenever the time comes.

Eastern Group Conference

It was felt by Government that in order to help His Majesty's Government in their prosecution of the war it might be well if the resources of all the Empire countries on the east of Suez were pooled together. While the pooling of the resources may be a good idea theoretically, it may not be so practically when it is remembered that India being the weakest partner politically may have to suffer ultimately economically, commercially and industrially, as a result of the so-called pooling of the resources. Thus, there is a grave apprehension, which is neither unreasonable nor unjustified, that when certain articles are produced in say countries like

Australia or South Africa, India may be asked not to attempt any production of such articles and to rest satisfied with the other Empire countries producing those articles. Representatives of Indian trade, commerce and industries were practically ignored and neglected with regard to this Conference. But afterwards on the eve of the Conference a sop was thrown to the Indian industrialists by nominating a few of them as advisers, which did not mean anything at all. Not only this, but the hitherto followed policy with regard to nomination of representatives of trade and industries was departed from and instead of inviting commercial bodies themselves to nominate delegates or advisers, Government this time took upon themselves to appoint them. The powers and functions of the advisers were extremely limited and restricted and moreover they were given a parting send-off like unwelcome guests long before the Conference met in the plenary session. The way in which, in fact, these so-called advisers were disposed of before even the Conference met, is an index to the indifference, with which our representatives were treated at the Conference.

Avoidance of Double Taxation

After the last Great War, income-tax, as a direct source of taxation, was being increasingly used by the different Governments of the world and this led to the problem of double taxation of the same income at the hands of different taxing authorities. Whatever may be the fiscal justification for the taxation of the same income of the same person by different States or authorities, it was, however, acknowledged that some method of adjustments by mutual arrangement between the different taxing authorities was necessary with a view to minimise the burden on the ultimate tax-payer. In the international sphere collective agreements and conventions led to the adjustments of such taxes between the different taxing Governments. In British India also, we have reciprocal arrangements made with regard to U. K., certain Indian States, Burma, Ceylon and Aden, by which a measure of relief was vouchsafed to the Indian tax-payer and *vice versa* in respect of tax paid on the same income to the two contracting

Governments. The scheme of this relief has recently been extended to some of the Dominions.

In a federal system of Government like India, the problem of double taxation of the same income within the country itself by the Central as well as the Provincial Governments was bound to arise, notwithstanding the attempt made by the Government of India Act to earmark definite and specific spheres of taxation between different taxing authorities. While the income-tax remains a source of revenue for the Central Government, subject to certain adjustments regarding distribution of the share to the Provinces, the same income may be under the laws of the different Provinces, made liable to tax, although under a different name or form. Measures recently passed by certain Provincial Governments for taxing income from professions and callings led to a controversy whether the said tax did not really amount to an additional provincial income-tax. It is not my purpose here to go into the merits of this controversy. Suffice it to say, that the need for some adjustment in regard to taxes of an identical nature was recognised, and the British Parliament recently passed an amendment to the Government of India Act whereby certain restrictions were imposed on the freedom of the Provincial Legislatures to sanction or levy taxes which indirectly amounted to a tax on income. I am particularly referring to this matter today, with a view to draw the attention of the Government of India to the necessity for providing relief in the case of tax on income from property or, to be exact, on the value of property which is being levied at a fairly substantial rate by the Government of Bombay. The same income is again subject to income-tax by the Central Government. The least that could be done to relieve such double taxation is to allow the amount paid as property tax in the Province as a deduction for the purpose of computing income for levying income-tax. Incidentally I may mention that the Bombay property tax was intended to make up for the loss in excise revenue consequent upon the prohibition policy ; but with the recent modification in that policy, it is expected the tax may either be abolished or at least reduced in its incidence.

But as long as the tax continues to be levied, either fully or at a reduced rate, it is but fair that the same should be taken into account in arriving at the taxable income for purposes of the Central income-tax. It is, therefore, urged that the Government of India should take steps to amend the Income-tax Act at an early date to permit of such relief.

Position of Raw Commodities

The traditional method of surveying the economic position of the country is to compare the statistical position in regard to price movements. In a country like India where more than 70% of the population are dependent on agriculture, the price-levels of the staple export commodities will be a more accurate index of the general economic conditions. The general index number of wholesale prices published by Government takes into account a group of articles in which certain manufactured products are also included. Such a collective index, therefore, cannot accurately reflect the position so far as agricultural conditions are concerned. The index number of wholesale prices recorded a rise from 100 in August 1939 to 114 in September 1939, the first month of the war, and by the end of that year it rose to 137. Prices, however, came down month by month during the first 8 months of 1940 and in August last the index number stood at 115. In September 1940 it presented a steadier appearance and made up by 4 points towards the end of that month to 119.

As I mentioned before, the index includes prices of certain manufactured articles also. A collective index for raw products as such is not separately published. Certain figures, however, of individual items of such raw products are available ; thus for example, in the case of oilseeds, the index of wholesale prices stood at 101 in August 1939 ; it went up to 126 at the end of the year. Thereafter it went down gradually and in August 1940 the figure stood at 99, two points lower than the pre-war figure. In the case of cereals, the number was 83 in August 1939, it went up to 105 in December 1939, it again receded to 98 in August 1940. In the case of pulses, from 96 in August 1939 it went up to 119 in December of

that year and receded to 101 in August 1940. Regarding raw cotton, from 64 in August 1939, it rose to 122 in December 1939 and has come down to 78 in August 1940. The rise in prices towards the end of the year 1939 was taken to reflect the increased demand for India's products abroad, but due to the stress of factors resulting from developments in the international sphere and the depressing effect due to the accumulation of stocks of some of our export products, the initial recovery in agricultural prices has not been maintained. Not only that, but prices have declined to almost their pre-war level and we are faced with a situation in which the purchasing power of the agriculturists, who are the backbone of the country, is receiving a serious setback, a factor which will have its adverse reactions on the entire economic structure of the country.

The present agricultural situation is causing anxiety owing to the accumulation of stocks of raw commodities. The closure of continental markets combined with the lack of shipping tonnage for export purposes has naturally left us with a large surplus. We are still in search of alternative markets, but until such time as such markets are available, some solution should be found for dealing with the surplus so that the agricultural economy of the country may be saved from the disintegration which otherwise faces it. The solution of the problem by curtailing the acreage of production and by turning from one kind of cultivation to another and finding alternative crops which may be consumed internally, is one which must be considered in connection with any long range planning for the future. Acreage in any crop cannot be easily curtailed as such a step will have to be accompanied by substituting a valuable cash crop. Soil and climatic conditions are other factors which have to be reckoned with. These aspects of the matter require deep and detailed consideration and any immediate decision does not seem to be possible.

The problem which faces us is one of relieving the extreme pressure experienced by the cessation of exports. The

pressure is being intensified as fresh crops are ready and are beginning to move and if some plan for dealing with the surplus is not evolved, prices are bound to go down further abnormally with the result that there would be a great upheaval in the country. So far as jute is concerned, the problem is claimed to have been solved by a reduction in acreage. But to my mind that is not a real solution from the point of view of the cultivators. In America where the experiment of improving depression in prices by schemes of restriction is in vogue, the cultivators are compensated for such reduction by payments from the treasury. So far as jute cultivators in India are concerned, no such relief is forthcoming. It is true, the maintenance of prices following such restriction will help cultivators to a certain extent, but it would not compensate them fully ; at the same time, they should get more direct assistance from the State to compensate for the underemployment resulting from restriction. As regards cotton, at the last meeting of the Export Advisory Council the Hon'ble the Commerce Member expressed the view that the textile industry of the country should come forward to assist the cotton grower in his plight and to see that cotton prices are maintained at an economic level. Details of the possible directions of help have yet to be formulated. The Indian Central Cotton Committee has also at its recent meeting in Bombay passed a resolution recommending measures for the increased consumption of Indian cotton within the country. Regarding oilseeds, the problem is really pressing and although minimum prices were fixed for groundnuts and linseed for purposes of purchases on behalf of His Majesty's Government, the step has not helped materially to improve the position as the quantity of actual purchases was not on a scale adequate enough to meet the requirements of the situation. The question is, however, at present being actively examined by the Government of India and Dr. T. E. Gregory, the Economic Adviser, who was recently asked to investigate the position, is understood to have made suggestions including curtailment of cultivation, stabilisation of prices, etc. Further developments will be awaited with interest. In regard to coffee,

by a scheme regulating the export of coffee from the country and the sale within British India, Government hope to prevent a slump in prices. I am aware that the question of the problem of the disposal of our raw commodities is engaging the active attention of the Government of India, but it is pertinent to point out that time is of essence in dealing with this matter and the proposals of Government to meet the situation should be announced without delay.

New Taxation Rumours

While on this, I would like to refer to a matter which, although it does not directly relate to the question of the solution of the problem of surplus stocks, is, to a certain extent, inter-connected. The agriculturist largely depends for his cash income on the demand for his raw commodities. When thus his condition is made unenviable by a lack of demand for such commodities and a slump in the prices thereof, it stands to reason that he is in no position to bear any additional burden. While introducing his supplementary budget in November last, the Hon'ble the Finance Member indicated chances of additional taxation in the near future. As budget time is approaching, speculation is rife regarding the possible directions of such additional levy. Reports have appeared that during the last few days retail prices of certain articles of daily necessities, such as salt, matches, fuel and kerosene, have gone up abnormally. It is suggested that, anticipating an effective rise in prices, consequent upon increased taxation on some of these articles, speculators and others have begun to store up. It is necessary that such an impression about the possibility of rise in prices of such essential articles should not be allowed to gain ground. Whatever may be the financial needs of Government, we are strongly of the opinion that any tax on the necessities of life, which would increase the cost of living of the masses, has to be sedulously avoided. In saying this, I am not suggesting that there is free scope for taxation in other directions. War has already meant an increased taxation to the tune of Rs. 18 crores per annum in India, 3 crores by the Excess Profits Tax

levy, 1.9 crores increase in Excise duty on sugar, 1.4 crores increase in duty on motor spirit, 5 crores surcharge on income-tax and super-tax, 1 crore increase in postal rates and the indirect tax of over 5.2 crores by a surcharge on railway rates and fares. With the general economic conditions in the country still being in the slough of depression, the Indian commercial community feel that there is no scope for additional taxation at this stage ; at all events, Government would be well-advised not to attempt to impose any additional taxes on necessities of life which would worsen the plight of the general masses of the country.

Overseas Trade

A statistical study of our trade conditions, particularly of the sea-borne trade, is made difficult, because of the fact that, due to war exigencies, complete and detailed figures of our imports and exports are not being published as in the past. The Review of the Trade of India published by Government recently, contains figures only upto the end of the last financial year, i.e. March 1940. During that period both our exports and imports registered an increase. We imported merchandise to the value of Rs. 178.9 crores, as against Rs. 162.8 crores in 1938-39 ; and exported goods to the value of Rs. 220.4 crores, as against Rs. 175.8 crores in 1938-39. From the figures, it is evident that this increase has not merely been in value, but has also been, though to a lesser extent, reflected in volume. The index relating to the quantum of exports in 1939-40 was 105.9, as against 102.2 in the previous year. Similarly, the index regarding quantum of imports was 90.5 in 1939-40, as against 88.7 in 1938-39. These figures, however, to a certain extent, are only of posthumous interest, as they relate to a period, after which there have been rapid developments. After March 1940, we have lost a large part of the Continental markets, and the direction of our overseas trade has also consequently changed. This is indicated by summary figures of our seaborne trade for the eight months after March 1940. The total imports for the said eight months stand at Rs. 104.9 crores as against Rs. 104.6 crores for the cor-

responding period of the previous year, registering an increase by Rs. 28 lakhs. The exports for the same period stood at Rs. 134 crores as against 125 crores for the period in the previous year, showing an increase of over Rs. 9 crores. On a closer examination of the items constituting the export trade, it is, however, observed that we have exported less during the said period in raw materials. We have certainly exported more of certain articles which are required in connection with war efforts ; but our export trade in staple commodities has, on the other hand, suffered. The share of the different countries and the direction of our trade during this period bring to light certain interesting factors. Our exports to Empire countries have increased from Rs. 64.8 crores in the eight months, April-November, 1939, to Rs. 78.5 crores in the same period in 1940 ; while our corresponding imports were Rs. 59.9 crores and 62.4 crores respectively. Our exports to other foreign countries have fallen from Rs. 54.6 crores in the eight months in 1939 to Rs. 49.6 crores in the same period in 1940 ; the corresponding imports being Rs. 44.6 and Rs. 42.4 crores, respectively. Thus, we have lost in our export trade with non-Empire countries. Again, during the period, we imported goods worth over Rs. 13 crores from Japan, as against Rs. 11 crores in the eight months in 1939 ; while our exports to that country fell to Rs. 5.7 crores in the eight months in 1940, as against Rs. 8.3 crores in the same period in 1939. From the U. S. A., we imported during the eight months of 1940, Rs. 16.3 crores worth of goods as against Rs. 6.8 crores for the corresponding period in 1939, or an increase in imports of over Rs. 9 crores. Against this, our exports to that country amounted only Rs. 16 crores, as against Rs. 13 for the previous corresponding period, or an increase of Rs. 3 crores. This statistical position indicates that our trade balance with such non-Empire countries, with whom we have large trade relations, is worsening. On an evaluation of the position as presented by the figures of our seaborne trade today, the conclusion is irresistible that unless ways and means of stimulating our export trade by securing alternative markets are found or unless some method of disposing the

surplus stocks of our staple commodities are thought out, the immediate outlook, instead of holding any hope for any trade and economic resilience, points out to the possibility of more difficult times to come. Much, therefore, depends on the success of our efforts for stimulating our exports and no time should be lost in sending out the contemplated Trade Missions to the various countries.

Export Advisory Council

It is now over nine months since the Export Advisory Council was constituted by Government and it would be as well to take stock of the achievements and efforts of that Body during this period. It may be recalled that the Council was set up, firstly, to act as a channel of communication between Government and the trade interests, with a view to facilitate the discussion of difficulties arising out of the war-time restrictions, and, secondly, to devise ways and means of expanding exports of our staple commodities and also of the products of our manufacturing industries. From the very nature of the work and the problems with which it was concerned, immediate or spectacular results were not possible. The Council so far had three sittings and in all these meetings, the difficulties arising out of the control regulations and ways and means of easing them were discussed and gone into at great length. The discussions at the meetings had helped Government and the Hon'ble the Commerce Member both to understand and appreciate the point of view presented by commercial interests and to deal with them more effectively than would have been possible if matters were, as in the usual course, to be put by correspondence. Problems relating to the export of raw cotton, hides and skins, oilseeds, wool, etc., figured prominently in these talks and the various suggestions made by the trade interests were sympathetically considered by Government. In regard to export of wool, it may be mentioned that fixation of minimum prices for purchases of wool made on behalf of His Majesty's Government and permission for exports of some consignments to U. S. A., were to a large extent due to the efforts made by the commercial

representatives at the Council. Similarly, minimum buying rates for linseed and groundnuts were fixed and although the step has not gone as far to assist the trade as was originally expected, it prevented a further deterioration in the market. The desirability of sending trade delegations to countries like East Africa and Australia has also been agreed to and the general view that such delegations should, while being officially sponsored, include representative non-officials has been accepted by Government. The question of appointing Trade Commissioners in some of the foreign countries was actively considered and, as you are all aware, a Trade Commissioner has recently been appointed in Australia. I may add that the real use of such a body will arise at the termination of the war when keen competition between all countries for substituting lost markets or securing fresh avenues will be witnessed. This aspect of the matter may also be kept in mind and the Council should do the spade work to meet the situation as it may arise at the end of the war.

The Twelfth Industries Conference

The Industries Conference was conceived in the year 1921 as a gathering of the representatives of the various Provincial Governments and the Central Government with a view to achieve co-ordination of industrial efforts between the Provinces and for facilitating the formulation of a uniform policy for the general industrial development of the country. It was pointed out by the Indian commercial interests that in order to achieve the object in view, representatives of Indian industries should be actively associated in the deliberations of the Conference and should have a say in the decisions thereat. Accordingly, from the year 1939 certain Employers Associations and the Federation of Indian Chambers of Commerce and Industry are being invited to send representatives to the Conference. This year our Chamber took the initiative in urging that such representatives of industrial interests should also be entitled to bring before the Conference questions, including questions of policy, for discussion. Accordingly, at this year's Conference held at Lucknow Government admitted

certain resolutions put forward by the representative of the Federation. Two resolutions urging investigations for the possibilities of undertaking establishment of defence industries in the country and for the enunciation of a vigorous policy of industrialisation with a view to bring into existence essential key industries under Indian control were moved at the Conference by Lala Padampat Singhania, representative of the Federation, and were accepted. It is to be hoped that the resolutions will not be allowed to remain in the proceedings of the Conference as pious hopes, but active steps to implement the same will be taken by the Government of India at an early date.

Another very important question which came up before the Conference was the position of the handloom industry *vis-a-vis* mill industry. It may be recalled that, in this connection, a Conference convened by Government in Delhi in December last, had decided that this matter should be referred to a Fact Finding Committee for the purpose of finding out the exact position in the different centres of the country. It is a matter for satisfaction that the Delhi Conference also did not approve of the suggestion made from certain quarters that the problem should be met by levying an Excise duty on mill made products. The decision regarding a Fact Finding Committee was confirmed at the Industries Conference and it is expected that the Committee will be set up soon. I do not want to anticipate the outcome of the Committee or the decisions of Government thereafter. It is necessary, however, to bear in mind that the question is one which has to be considered dispassionately and from all points of view. In the anxiety to improve the position of the handloom industry, no steps should be taken which would retard or put a handicap on the development of the textile industry. The pre-occupations of other manufacturing countries connected with the war may have, for the present, somewhat easened the competition which the textile industry has to face, but that does not mean that the competition may not again present itself. The Indian industry is trying to secure increased export markets and if these efforts are crowned with success, there

is automatically likely to be greater demand and opportunities for the products of the handloom industry within the country itself and the question of competition between the two sections of the industry may not present any serious difficulties. Such steps which would cripple the position of the textile industry will only be assisting the intensification of the foreign competition at a later date with the result that the handloom industry in its turn will be deprived of any temporary benefits which may accrue to it.

Agricultural Debtors' Relief Act

The Government of Bombay have published in the Bombay Gazette draft rules under the Agricultural Debtors' Relief Act of 1939 and therein notified the interests concerned to send their views by the 31st of January 1941. I do not see why Government have omitted the usual procedure of sending copies of the draft rules to important mercantile bodies of the presidency for opinion. There is also the complaint that the draft rules are published merely in the English language, and that copies of the same are not available from the Government Press. The Agricultural Debtors' Relief Act affects more directly those residing in the districts and villages than those in the cities. It is therefore essential that the rules under the Act should be published in the different languages of the province intelligible to the village moneylenders and copies of the same should be made freely available to them, as they are the interests most closely affected. There is no need for hurry and Government should make proper arrangements for obtaining the opinion of all concerned and till such arrangements are completed and the views obtained, Government should postpone their consideration of the matter.

Conclusion

I desire to thank and express my sincere gratitude to the members of the Committee for the help and co-operation which they have always extended to me. The success of a President always depends upon the co-operation he receives from the Committee, and this I must say was forthcoming

for me to a very large extent. It bespeaks much for this co-operation that there were only a few occasions during the course of the year when voting had to be resorted to. The success of an Institution depends upon unity amongst its members, and I must say that your Committee have always been guided and inspired by a sense of unity, cohesion and teamwork. I hope that the same team-work and spirit of unity will characterise the working of the Chamber in the future.

I have nothing more to say now. I would not like to close my speech without acknowledging and putting on record my appreciation of the work done by our Secretary, Mr. Mehta, the First Assistant, Mr. Ramalingam, and the rest of the staff. All of them have always done their work cheerfully and well.

With these words, Gentlement, I propose the adoption of the Report and the Accounts.

Mr. M. C. Ghia, M.L.A. (the incoming President) while seconding the proposal for the adoption of the Annual Report and Accounts, spoke as follows :—

I have great pleasure in seconding the proposal for the adoption of the Annual Report put before you by Mr. Chunilal B. Mehta.

I am deeply obliged to you all for your unanimously electing me as the President of the Chamber for the coming year. The Presidentship of the Chamber is a great honour, but the honour, at the same time, enjoins a great responsibility. I hope I shall be able, with the help and co-operation of you all, to discharge the duties of my office to the satisfaction of all concerned and in the best interests of the business community. I am obliged to Mr. Chunilal B. Mehta for the very kind words in which he has referred to me.

I should also like here to congratulate my friend, Mr. J. C. Setalvad, on his being unanimously elected as the Vice-President ; rather I should like to congratulate the Chamber

on having again secured the services of Mr. Setalvad at this juncture as Vice-President and Mr. Setalvad should be congratulated on the spirit of service he has shown by accepting this position after having occupied the position of the President. He has done much during the last ten years of the Chamber's history to serve the Chamber, and I count upon this help and co-operation in discharging the duties of my office.

Political Situation

The political situation in the country remains as turbid, complicated and mysterious as ever. It is surely a great tragedy that with the best brains on all sides and even, I presume to say, with no lack of good-will, our politicians and statesmen and the authorities at the head of the Government of India have not been able to find a solution for the situation which has been going on in the country since now a pretty long time. It has been felt that, having regard to the growth of political consciousness in the country, nationalist India could not create genuine enthusiasm for war-effort among the people, unless national representatives were placed in a position of adequate power and authority in the Central Government.

Even more important than the political issue, I consider, is the solution of the communal issue. In a way both the political and communal issues are one and we cannot separate one from the other. But we have been accustomed to use certain terminology and to consider the relations of the different communities inhabiting this vast continent as a communal issue and our relations *vis-a-vis* Government as a political issue. The two major communities Hindus and Muslims have been living together for centuries now in this land and India should be deemed as much a motherland of the Hindus as of the Muslims, the Parsees, the Christians and all the rest. I do not want at this stage to enter into all the details of the communal problem which has been disturbing the peace of India and which has created a hiatus in the solution of the political problem. It is not an edifying spectacle that the Hindus and Muslims who claim to have some of the best,

the most brilliant, the noblest and the most gifted sons of India amongst them, should not be able to solve their difficulties and should not be able to definitely arrive at certain conclusions which will pave the way for India being placed on a Dominion Status.

State Management of Railways

I congratulate the Government of India on their decision to purchase the B. B. & C. I. and the Assam Bengal Railways and to manage the administration, as from January 1942. Ever since the days of the late Mr. Gokhale, when he moved a resolution in 1910 on the retrenchment in the administration of railways, the legislators and businessmen of this country have been urging on the Government of India, the economic and industrial advantages of a uniform system of management. From time to time, in the old Imperial Council and the Legislative Assembly under 1919 Act, efforts were made to bring to the notice of the Government of India, the benefit of a system of State-Management of Railways. The late Sir Vithaldas Thakersey, Sir Ibrahim Rahimtulla and many others marshalled facts to prove their thesis, as a result of which in 1912, the then Railway Member, Mr. Clark, had, at last, to admit the fact that the anomalous rates charged by the Indian Railways were largely due to the Indian system of separate and in some cases necessarily competitive railway administrations. I shall not tire you with the subsequent history of the struggle that Chambers of Commerce and other commercial associations waged in this direction inside as well as the outside the Legislative Houses, during 1912 to 1920, when at last the Secretary of State for India appointed a Committee on the 1st of November 1920 under Sir William Acworth, to investigate the relative advantages—financial and administrative—of a direct management of railways by the state and through a Company domiciled in India and with a Board sitting in India. The Committee by a majority (the Chairman and four members), as you know, came to the conclusion that they were in agreement with the unanimous opinion of Indian witnesses, and recommended to Government that the

undertaking of guaranteed companies when their contracts fall in, be entrusted to the practical management of the State.

As the result of a resolution, moved in the Central Assembly in 1922 on the question of State management of railways, and the discussion on the Acworth Committee Report in 1923, Government favoured the purchase of the E. I. and the G. I. P. Railways when their contracts expired in 1924 and 1925 respectively.

As regards the contract to manage the B. B. & C. I. and the A. B. Railways, it may be mentioned that their periods of contract expire on 31st December 1941, and a notice to terminate such a contract was due on 31st December 1940. I am glad to record here that Government have taken a wise and constructive step in giving such a notice and to take the direct administration of the Railways, as from 1st January 1942. The B. B. & C. I. Railway, has been earning more than 6% on its capital during the last three years ending 31st March 1939 and has paid approximately Rs. 13.5 lakhs as interest for 1939-40. The Bengal Assam Railway would be conveniently grouped with the Eastern Bengal Railway, and I am sure, must prove advantageous to the State in the long run. I am happy to acknowledge the statesmanship that the Government of India have shown in this matter and trust that they will do the same and act likewise when the question of direct administration of the B. N. W., M. S. M., S. I., and the Bengal-Nagpur Railways comes for their consideration. The benefits arising out of the State management of Railways cannot be more pointedly brought out than those put forward by Sir Gilford L. Molesworth, consulting Engineer to the Government of India on State Railways when in 1886 in the course of his paper, he read before the Bombay Chamber of Commerce, he remarked :—

> "I have always been a strong and persistant advocate of the policy of keeping railways in the hands of the State, so as to reduce railway rates to a minimum. I have always held that railways should be regarded as instruments of development, not of creating revenue. When Major (now Sir Evelyn) Baring asked my opinion of his

scheme of private enterprise, I condemned it on the ground that the true policy of Government was to make railways subservient to the development of the country, and I pointed out to him that in some cases it might be to the interest of Government to incur a direct loss in railway revenue by low rates of transport and to recoup that loss indirectly by the increased revenue naturally arising from the improved prosperity of the country, whilst it was manifestly to the interest of a company to reap the largest amount of direct profit from a railway."

Co-ordination of Transport Agencies in India

Having discussed the question of the management of railways, I would now like to place before you some points on the problem of co-ordination of transport agencies in the country. It is an established fact that in a vast sub-continent like India, the aggregate railway mileage is too inadequate to satisfy the needs of passenger and goods traffic. I give below, for your information, a table which shows the length of the railway mileage in different countries of the world and in India, and leave to you to judge the situation for yourself.

Country.	*Railway mileage.*	*(000's omitted) Population.*
U. S. A. ..	249.95	127,172
United Kingdom ..	21.38	46,886
Germany ..	36.40	66,870
France ..	39.55	41,835
Italy ..	13.04	50,145
Russia ..	47.87	177,845
India ..	42.87	350,000

It is obvious then, under the circumstances, that an additional agency has to be employed to cope with the increasing internal traffic in the country. Road transport, which has since long been the main transporting agency, has to be improved and developed to meet the demand of traffic. We have not got sufficient mileage in roads too. And naturally the volume of motor transport also falls insufficient in comparison with the demand warranted under the situation. There are, for

example, hardly 44 motor trucks per hundred miles of railways in India, whereas the proportion in Great Britain is 2,640 trucks for the same length of railway mileage. It would, therefore, be premature, at this stage, to think of restricting the length of road mileage by any statute or Act. Your Committee had, however, felt it desirable to see that a certain amount of co-ordination in rail and road transport was made possible by such means as would not obstruct the free use of road transport. The provisions of the Motor Vehicles Act, 1939, however, went contrary to the needs of the country. Section 43(1)(3) of the Act, instead of helping and encouraging the free and unhampered use of road transport, tries to restrict the freedom of those who want to use road transport. Under this Section, Provincial Governments are given the authority to restrict or prohibit the long-distance carriage of goods by road. I must frankly say that this is quite in contradiction to the demand of the people in India. If the Provincial Governments instead of following the letter of the law under the Section referred to above, utilise the authority given to them in the best interests of the country, there is a possibility that road transport will assume increasing importance and thus increase the wealth of the country. Build more roads, should be the watchword of the Provincial Governments. They will thereby not only give adequate scope and sphere to the idea of an automobile industry but will increase trade and traffic in their Provinces. That we have insufficient means of communication, is a fact which cannot be disputed. The Bombay Economic & Industrial Survey Committee, appointed by the Government of Bombay, have drawn pointed attention to the inadequacy of road transport facility in the Presidency. The Committee observe :

> "From the point of view of building up of markets and of industrial mobility in general, different centres of consumption and of production should be connected by reasonable transport facilities with one another. This condition is not fulfilled in the case of this Province."
>
> "In fact", the report further mentions, "we enquired from the Presidents of various District Local Boards

and Collectors of Districts about the extent of their area not served by roads and the number of their villages which were cut off from outside communication during periods of monsoon, and we learnt that in a number of districts as much as 40 to 75 per cent of the total area was not served by roads at all, while the percentage of villages cut off totally from outside communication during monsoon came to no less than 70 to 80 in some districts."

In conclusion, the report rightly observes :

"The injurious effects of inadequate transport facilities can find no better illustration than the district of North Kanara which inspite of vast resources of raw materials and of power remains a backward area with a declining population. We recommend therefore that as part of a policy for the economic betterment of the Province, the Provincial Government should undertake a programme of rapid road construction."

In the light of the above remarks, appearing in the Economic Survey of a Province, I fail to understand how any Provincial Government with a desire to increase the wealth of its Province, can acquiesce and take steps either to restrict or prohibit road traffic under the above Section. If there is to be a system of Co-ordination of Transport Agencies, it must be with a view to develop trade, commerce and industry of the country. Situated as we are, in a vast territory, it must be remembered that the convenience, elasticity and economic advantages of motor transport which means road transport are very real and that this mode of transport had already substantially altered and improved the condition of life in many parts of the country ; the potential value of road transport is immense and is bound to be greater still in future, in the advancement of a country. I therefore, feel that there should not be any restriction on road traffic.

Indo-Ceylon Relations

Cultural affinity between India and Ceylon is traced to pre-historic days—days of Valmiki and Ramayan—and the two countries have many points in common, insofar as their

religious, social, economic and geographical problems are concerned. Ceylon is mainly an agricultural country and so is India,—and her main agricultural products are tea, coffee and rubber. India should have a particular concern for the Ceylonese economy, because of the fact that nearly one-sixth of the people of Ceylon are from India and have invested about Rs. 13 crores to develop the products now being exported. The economic interests of the two sections, viz. those who have migrated to Ceylon and those already resident of Ceylon are, therefore, identical, and rights and privileges of the two communities should naturally also be on the same basis. This was the prevailing feature all these days, but of late—only within a decade—some inequality has crept in, which had its origin in the Donoughmore Constitution, which unfortunately introduced the unwholesome ideas of discrimination, exclusion, expulsion and repatriation. Sinhalese leaders and politicians have taken up an unfriendly attitude towards Indians, now residents of Ceylon, and a schism has been created between the two countries. I, however, feel that, considering the nearness of the two countries and the long period of amicable understanding between them, it should not be impossible that any differences between them could not be bridged. The problem that is facing the two countries is human, and if the Sinhalese leaders and politicians approach the question with reasonableness, and with a desire to grant justice and equity to those who have made no inconsiderable contribution to the development of Ceylon, I am sure a solution can be found out. It is, however, regrettable that a Goodwill Mission which had come to this country from Ceylon to "discuss the proposals to give franchise to Indians in Ceylon" has not been a success; still as Mr. Senanayake, Minister for Agriculture, has rightly observed the talks, though they have failed, are bound to serve a very useful purpose in the immediate future in understanding the problem in a better perspective. I agree with the Rt. Hon. Srinivasa Sastri when he remarked that differences were bound to arise even between intimate blood relations, but they should not give rise to acrimony and bitterness and I join with him in

his proposal to arrange a Round Table Conference between India and Ceylon to solve the existing anomalies.

Indo-Ceylon Trade

Coming now to discuss the features of Trade between the two countries, the most striking feature of the Indo-Ceylon Trade is that this country has, during the past few years, been maintaining a favourable balance of trade. This is as it should be ; the reason being that India produces the needs of Ceylon and there is less demand for the products of Ceylon in this country. It is the sheer force of economic logic, which is responsible for the favourable balance of trade of this country. Under such circumstances, it would be wrong to say that Ceylon gives preference to India ; an analysis of the import-export figures would show, on the contrary, that India gives more preference to Ceylonese goods.

Out of the total domestic exports from Ceylon to India worth Rs. 1.75 crores during 1939, India gave substantial preference to Ceylon goods of an aggregate value of nearly Rs. 1¼ crores ; in other words, India gave preference to 95 per cent of Ceylon goods. The export from India to Ceylon, on the other hand, in the same period, amounted to an aggregate value of Rs. 3½ crores, but the preference that India got for her goods was about 30 per cent only. It would be a pure economic fallacy to maintain that Ceylon offers any preference to Indian goods, because India has a large favourable balance of trade with Ceylon. It must also be remembered that India today is the largest buyer of Ceylon copra. In 1939, India took 70 per cent of Ceylon's exportable copra, which shows that India patronises Ceylonese copra more than any other country. The possibilities of developing the trade between the two countries are greater and I would advise the Sinhalese leaders and politicians to ponder over what Dr. L. C. Jain has said in his recent report which he submitted to the Government of Ceylon on "Textile Quotas & Preference Duties". Dr. Jain observes :

> "... in many respects India provides a natural source for the supply of many wants of Ceylon and an outlet

for many of her exports, of which cocoanut products may be specially mentioned. Indo-Ceylonese trade relations leave much to be desired. If an adjustment in the tariff relationships of the two countries can stimulate trade to the mutual advantage of both, it is well worth exploring."

The following table gives figures of exports and imports of Ceylon to British India and other Empire countries, which would make the trade position between India and Ceylon *vis-a-vis* other Empire countries more clear :—

Value of Imports into and Exports from Ceylon (in thousands of Rupees).

Year	British India			Other Empire countries		
	Imports	Exports	Balance	Imports	Exports	Balance
1931 ...	50,135	8,117	— 42,018	56,648	29,114	— 27,534
1932 ...	44,797	14,837	— 29,960	48,819	21,779	— 27,040
1933 ...	37,708	9,882	— 27,826	45,290	24,177	— 21,113
1934 ...	43,734	9,135	— 34,599	48,948	30,078	— 18,870
1935 ...	44,327	12,015	— 32,312	58,692	36,186	— 22,506
1936 ...	46,062	15,434	— 30,628	49,477	39,986	— 9,491
1937 ...	53,398	14,720	— 38,678	53,581	51,364	— 2,217
1938 ...	51,274	9,017	— 42,257	58,330	38,720	— 19,610

Percentage share by value in Imports into and Exports from Ceylon (Raw Materials and Articles mainly unmanufactured).

Year	British India		Other Empire countries	
	Imports	Exports	Imports	Exports
1931 ...	32.4	6.5	16.8	4.2
1932 ...	27.0	26.6	14.1	4.8
1933 ...	24.4	15.0	11.9	4.2
1934 ...	25.7	8.5	15.1	3.3
1935 ...	21.3	14.3	17.4	9.3
1936 ...	23.5	17.5	18.0	9.1
1937 ...	27.2	10.5	17.6	13.1
1938 ...	22.8	9.1	31.6	7.6

Let me, in conclusion, say that it is necessary for both countries to avoid any unilateral action in trade as in political matters and that no efforts will be spared to see that the two countries march together for mutual and lasting benefit.

Indo-Burma Trade Talks

The Separation of Burma from India took place in 1937 and thenceforward the trade relations between the two countries were governed by the Indo-Burma Trade Regulation Order which expires in March this year. The Indo-Burma Trade Talks are announced to take place next month and a body of non-official advisors has been appointed to assist Government in their negotiations with the Burmese Delegation.

The existing trade position between the two countries is clearly in favour of Burma and we trust that Government will carefully watch the Indian trade interests and press for preferences in manufactured and semi-manufactured Indian products exported to Burma. The present arrangement is based on the free exchanges of goods. It is hoped that the agreement now under the anvil will also be framed on such a basis. This point needs to be stressed as the Burmese Government have already moved in the direction of upsetting the existing free exchange basis by levying an export duty on rice imported into India. Whatever the implications of the export duty may be, it was not proper for the Government of Burma to levy such an export duty when the trade relations between the two countries were under consideration.

As I said before, the existing trade position is clearly in favour of Burma. In 1939-40, out of Rs. 55 crores of Burma's exports, India absorbed Rs. 33 crores. The following figures reveal the position with regard to the export and import trade of Burma with reference to India :

(In lakhs of rupees)

	1936-37	1937-38	1938-39	1939-40
Total Exports ..	49,73	50,42	48,50	55,05
Of which to India ..	28,05	25,28	25,82	33,05
Total Imports ..	21,78	23,80	20,78	25,16
Of which from India ..	9,93	10,70	10,24	13,98
Favourable Balance ..	27,95	26,62	27,72	29,89

A glance at these figures will convince you that Burma is enjoying a greatly advantageous trade position *vis-a-vis* India

which she will have to share with India if the trade relations are to continue justly.

Rice, oil and teak wood are some of the important articles consumed by India. India imports rice and oil to the extent of 50% and 30% respectively of the total value.

The value of the Indian exports to Burma is much lower than the value of its imports. The more important items of export are cotton and jute manufactures, tobacco raw and manufactured, coal and coke, groundnuts and groundnut oil and wheat and wheat flour. What our representatives at the Conference Table have to see is that in respect of these export items, no burden is levied with a view to obstruct the present trade position. On the whole, whereas, Burma's exports to other countries excluding India form a meagre 27% of her total foreign trade in 1939-40, India alone looms large with her 41% in that year; similarly with regard to imports, the share of the other foreign countries excluding India comes to 14% of the total foreign trade of Burma during the same year, while that of India alone amounts to 18%.

I hope the position as stated will be a sufficient basis for those at the Table to demand a just trade treaty with Burma. But this is not all that I have to say with regard to this treaty. We cannot afford to have a mere Trade Treaty with Burma. There are nearly 12 lakhs of Indian nationals resident in Burma and it should be the anxiety of the negotiators to see that their rights and privileges are protected by adequate safeguards and clean guarantees respecting life and property which should be embodied in the agreement under consideration. Without it any agreement with Burma would be incomplete and would fail to achieve its object of fostering and developing trade, because security and goodwill are two indispensable conditions for effective commerce.

Contact Between Research and Industry

Modern industrial development depends to a very large extent on the application of the fruits of technical and scientific advancement. In India some of the traditional and more

advanced industries have developed more by the efforts of improved skill and management than by the adaptation of fruits of industrial research in the investigation of industrial problems. This lack of closer contact between science and industry and the absence of any incentive for applied work in scientific research is to a large extent responsible for the fact that our manufacturing activities are limited to a few lines. Even in regard to some of our organised industries we have to depend upon foreign sources of supply for certain essential articles. Supply of dye-stuffs and chemicals for the textile industry is a prominent instance. War has again prominently brought to the forefront the fact that our industrial development is lopsided and that if the goal of making India self-sufficient in regard to such materials as are vital to the maintenance of her economic and industrial life is to be pursued, it is necessary that without loss of time the assistance of science to fill up the lacuna should be invoked.

Research has often been described as the mother of industry and while in the sphere of purely theoretical research some of our scientists have reached a state of pre-eminence and added lustre to our status in the international sphere, we are yet to develop a state of affairs in which such theoretical results are to be linked up and co-related with applied research. A distinguished scientist once remarked that a " scientific development is no good as long as it is in the laboratory. It is only good when everybody in the country uses it." The good work that is being done in research centres and institutions within the country should be therefore directed and harnessed with a view to their adaptation to local industrial uses and necessities. I am emphasising this aspect because of the fact that we are all thinking in terms of utilising the opportunity presented by the war for a rapid industrialisation of the country. Success in that direction is dependent to a great extent by our ability to keep pace with the improved inventions and discoveries made available by scientific efforts.

The appointment, therefore, by the Government of India in April last year of a Board of Scientific and Industrial

Research was opportune. As it has been constituted, however, it appears to be a make-shift arrangement with the limited objective of achieving and aiding co-ordination during the period of the war and the provision by way of finance made for the purpose of carrying out the work of the Board does not permit of investigation in long range problems. I should not be understood to be criticising this new body or deprecating this limited effort ; on the contrary, I am pleading for a more energetic appreciation of the part of science in our plan for obtaining industrial self-sufficiency and for recognising the need for a permanent, active and adequately equipped industrial research organisation and centre which would function continuously and consciously for the establishment of new industries as opportunities occur and for improving established ones as scientific research and the technique of production advance. Even in the limited sphere and with the limited resources made available to it, the Board of Scientific and Industrial Research has, it must be acknowledged, done some really good work. It has stimulated interest in new experiments of an applied nature at the various research centres and from an announcement in the press which appeared recently it seems that certain research schemes leading to new industrial lines are ready. The Government of India are to be congratulated in their decision to constitute an Industrial Research Utilisation Committee to be composed mainly of industrialists for the purpose of advising Government regarding the best means of utilising the results of researches which have proved commercially possible. It will be the function of this Committee also to advise Government regarding the terms on which the results of these investigations and the rights thereunder which are now vested in Government, could be handed over to Industrial concerns for purposes of being industrially and commercially exploited. I hope that the contact thus proposed will be a live and active one and will lead to a speedy utilisation of the fruits of such research schemes.

While on this, I must also acknowledge that industrialists in the country should themselves devote greater attention to

research and technical improvements. In the industrially advanced countries of the West, as a matter of fact, industries conduct their own research centres. Thus in U. K. almost all the larger industries maintain and run their own research associations. Some of the big industrial concerns have their own private laboratories striving continuously for new methods and technical improvements. The Shirley Institute in England is entirely financed and run by the Cotton Textile Industry there and it has been acknowledged that the fruits of the investigations and researches carried on in that institute were in a large measure responsible for the post-war development of textile industry in U. K. It is, therefore, necessary that in India also large and organised industries which are in a position to promote scientific effort should take some action in that direction and should not entirely depend on Government for providing the necessary machinery for bringing about continuous contact between research and industry.

Income-tax Administration

Before I conclude, I consider it my duty to refer to one important matter which is exercising the minds of the commercial public at this moment. There is a general feeling of dissatisfaction against the treatment meted out to the assessees by the Income-tax Department. This is not the first occasion on which complaints against the administrative practices in that Department have been made. Very often in the past such grievances were voiced ; I am constrained to say that there has not been any improvement in the position. On the contrary, of late the situation is said to have worsened. There is a general feeling that the assessees are being unnecessarily harassed and their assessments are kept pending for a much longer time than justified. The Officers of the Department look upon the assessees with suspicion and subject them to inquisitorial formalities. The assessees are called numberless times without any regard for their convenience. While we realise that the tax as sanctioned by the Statute should be fully collected and adequately safeguarded, we submit that

the Income-tax law of the country should not be used as an instrument of oppression against the public.

It is no pleasure to have to make these remarks. I sincerely hope and trust that the administrative machinery and practice will be thoroughly remodelled so as to bring about an era of co-operation and good-feeling between the public and the Department. In deed when this question was raised in the Central Legislature at the time of the Income-tax Bill and the Excess Profits Tax Bill the Hon'ble the Finance Member was at pains to assure the House that he was anxious to see that occasions for such complaints should be eliminated. I hope the spirit of the assurance will prevail with those in charge of the day to day administration.

With these words I second the proposal for the adoption of the Annual Report and the Accounts.

Mr. J. C. Setalvad, the Incoming Vice-President, thanked the members for having elected him to that office.

In the general discussion that ensued the following members participated :

Mr. Sarabhai Prataprai.
„ M. A. J. Noble.
„ R. G. Saraiya.
„ J. J. Kapadia.
„ Manu Subedar.
„ Shamji Vallabhji.
„ S. K. Dehlavi.

The proposal for the adoption of the Annual Report and the Audited Statement of Accounts for the year 1940 was then put to the vote and carried unanimously.

The result of the election of office-bearers of the Chamber for the year 1941 was then recorded.

Mr. Keshavprasad C. Desai proposed that Messrs. Devidas Vithaldas & Co., be appointed Auditors for the year 1941 and that their remuneration for the work be fixed at Rs. 100.

The same was seconded by Mr. Madhavlal M. Bhatt and on being put to the vote, was carried unanimously.

Mr. Gordhandas G. Morarji proposed a hearty vote of thanks to the Chair. The same was seconded by Mr. C. S. Patel and on being put to the vote was carried with acclamation.

The meeting then terminated.

REPORT OF THE COMMITTEE
OF
THE INDIAN MERCHANTS' CHAMBER

For the year 1940 presented at the 33rd Annual General Meeting of the Chamber held on 29th January 1941.

Your Committee have pleasure in presenting the 33rd Annual Report of your Chamber. During the course of the year 45 meetings of the Committee and over 60 meetings of the various Sub-Committees were held, the work done being of a varied and important nature.

The subjects dealt with by your Committee have been grouped under the following main heads :—

(1) Transport and Communications, (2) Finance, Tariff and Taxation, (3) Trade, Industrial and Labour Legislation, (4) General Trade and Industry, and (5) General.

I. TRANSPORT AND COMMUNICATIONS.

War-time restrictions on Indian Shipping.

The Committee in their communication dated 8th October 1940 addressed to the Government of India referred to the amendments recently announced under the Defence of India Rules by their two notifications, which discriminated against Indian shipping industry in favour of the British Shipping industry. According to these amendments every Indian ship would be allowed to ply outside its sphere of operation only after obtaining a licence from the Government of India and that such ships would be allowed to quote only such rates of fares as would be fixed by Government. Indian ships were not allowed to be given on hire on time charter or even on voyage charter without obtaining the necessary licence for the purpose. The rates in this connection would also be fixed by Government. It was pointed out that no such restrictions were placed on British ships plying in Indian waters. The Committee regretted that as a result of these amendments Indian shipping would be placed at a great disadvantage while British ships were free to ply without the restrictions placed on Indian shipping. In the opinion of the Committee such discrimination in favour of British shipping was unfair to Indian shipping.

Appointment of the Indian Shipping Adviser.

The Committee in a communication dated 19th September 1940 drew the attention of the Government of India to the recent appointment of a non-Indian to the post of Indian Shipping Adviser and protested that inspite of appeals from the commercial community to consider the just claims of Indians to such posts, Government had turned over this new post to a non-Indian. It was pointed out that the Shipping Adviser would look after the allotted quotas of the coastal trade in respect of the Conference Lines in addition to the regulation of the use of ships on the Indian Register. This, they felt, would result in the maintenance of the ships of the

British companies on the coast at the sacrifice of Indian shipping which would be against the accepted policy of Government. The Committee referred to the strong position of the British shipping which had increased in tonnage, after the outbreak of the war as a result of the collapse of some of the European countries and stated that it was not justifiable on the part of Government to commandeer Indian ships until all the available British ships on the U. K. Register and all other ships under the control of British Ministry of Shipping were brought into use for which Indian ships were commandeered. It was urged that Government would safeguard the interests of Indian shipping industry and revise their policy in this regard.

Complaints about inadequacy of freight space for shipments of oilseeds.

Complaints were received about the inadequacy of shipping freight for the carriage of oilseeds, particularly mustard seeds, from Bombay to French ports. Although sailings for the ports in question were available the shipping agents were almost reluctant to accept consignments of oilseeds as they seemed to be inclined to give preference to other types of cargo on which freight rates obtainable were higher. Even in the matter of shipments of oilseeds, it was reported that the shipping agents were giving preference to particular firms who were able to exert influence through their London office with the principals of the shipping company with the result that Indian shippers in the business were placed at a disadvantage. The Committee also understood that consignments of oilseeds were freely booked from Karachi to Marseilles by the same agents and shipping companies.

A letter was addressed to the Government of India on 1st May 1940 drawing their attention to the above grievances and urging that as under the conditions of the war Government had a measure of control in the allotment of freight space in respect of shipping tonnage available, arrangements might be made to see that adequate freight space for export

of oilseeds was provided and that occasions for complaints regarding any such discriminatory treatment were eliminated.

Freight for export of hemp.

The Committee addressed the Government of India on 26th July regarding the difficulties in obtaining shipping tonnage for the export of hemp from Bombay. They stated that the controller of shipping besides having restricted the tonnage required that hemp should be shipped from the port of Calcutta. Attention was drawn to the fact that good quality hemp was obtained from sources of supply near about Bombay, and therefore it was not reasonable to require the commodity to be taken as far as Calcutta to be shipped abroad. The restriction was tantamount to diverting a trade to another port, which normally passed through Bombay. It was urged that as the stocks awaiting shipment from Bombay were small, freight should be made available for the same from the Bombay Port. Government in their reply dated the 23rd August informed the Committee that out of the total tonnage of 1,000 tons per month, Bombay was allotted a quota of 200 tons. As the tonnage position on the west coast was difficult, they stated that it was not possible to increase the quota allotted to Bombay.

German ships at Batavia.

The Committee addressed on 12th September 1940 the Government of India drawing their attention to the press note regarding the conclusion of their negotiations with the Government of Dutch East Indies whereby they would take over possession of about 8 or 10 German merchant vessels detained at Batavia. These vessels were carrying cargo to India but were deviated from their course at the outbreak of war. In this connection they referred to the 24 ships of the Indian shipping companies which were taken over by Government for defence purposes eight of which ships belonged to the Scindia Steam Navigation Co., Ltd. In view of the scarcity of tonnage experienced as a result of the Indian ships being taken over by Government, the Committee urged that

the German ships acquired from the Dutch East Indies should be handed over to the Indian national shipping, thus giving them facility to meet the demand of freight in coastal waters.

Government in their reply dated 26th October stated that the ships referred to were not taken over by them but by the British Government. They however, informed the Committee that some of these ships might eventually ply between India and U. K.

Government subsidy for Haj pilgrims.

The attention of the Committee was drawn to a recent press-note issued by the Government of India whereby it was proposed to meet certain items of expenditure attributable to war conditions such as cost of war risk insurance on pilgrim ships, expenditure on account of any abnormal detention of ships due to enemy action, etc., which amounted to the payment of a subsidy to companies engaged in carrying Haj pilgrims. The Committee, in this connection, addressed the Government of India on 28th November stating that they were not opposed in principle to the payment of such subsidy to shipping or industrial concerns if such subsidy would help in the development and progress of such industries. The Committee, however, stated that the subsidy in question discriminated against Indian shipping interests in favour of such foreign interests, as Government previously had refused to fix fares in case of Haj traffic in spite of the uneconomic competition then existing between the companies engaged in the said traffic. The position, however, this time was that when the Indian shipping company had gone out of such traffic, Government proposed to assist Haj sailings by sharing the burden of the increased cost and also by allowing the non-Indian company now engaged in Haj traffic to increase their fares. The Committee made their position quite clear by stating that their protest was not against any help that would be rendered to Haj pilgrims to perform their pilgrimage. What they protested against was that while Indian shipping company was in the field such help was refused. The Committee hoped that Government would change their discriminatory attitude against Indian shipping.

Governing Body of the I.M.M.T.S. "Dufferin".

Mr. M. A. Master was re-appointed as the representative of the Chamber on the Governing Body of the I.M.M.T.S. "Dufferin" for a fresh term of two years from 6th April 1940.

Port charges on cargoes for Sudan unloaded at Bombay.

At the request of the Indian Chamber of Commerce, Calcutta, the Committee addressed the Bombay Port Trust on the 16th August 1940 in the matter of cargoes unloaded at Bombay by certain steamers en route to Port Sudan. They stated that these cargoes sent to Port Sudan were unloaded at Bombay under instructions from the Government of India and that it was not possible to arrange for the carriage of the same to the destination. The Committee requested that the Port authorities under these peculiar circumstances should waive the collection of port charges or rent or demurrage charges on the said cargoes. They referred to a similar previous request in connection with the goods that were awaiting shipment on account of dislocation of the service due to war conditions and in which case the Trustees had sanctioned a remission of 2|3rd of the extra fees with regard to such goods.

Closing of road gates in the docks.

The Manager, Bombay Port Trust Docks, by his letter dated 10th February 1940 invited the views of the Committee on the suggestion of the closing of Road Gates in the Docks for the receipt of export cargo at 5-30 p.m. to enable the staff to proceed off duty by 6 p.m. The Committee in their reply dated 21st February stated that the gates should as usual be closed at 6 p.m. and not at 5-30 p.m. as suggested, as that would mean a curtailment in the hours for the receipt of such cargo and was not advisable in view of the shortage of shipping due to war conditions.

Removal of wreckage from the Port Trust waters.

It was represented by the Bombay Steam Navigation Co., Ltd., that in connection with the recent cyclone in Bombay

as a result of which the slip way at Mazagaon Dock had been obstructed by the floating wreckage, the Assistant Manager, Land & Bunders, Bombay Port Trust, had intimated to them that it was open to the company to remove the damaged ships and cargo lying along their premises at their own expense and place same within their premises under reasonable protection. Thereupon, the Committee addressed the Port Trust stating that they were responsible for clearing out the wreckage lying within the limits of the Port, it being their duty to facilitate the movement of shipping in the Port, as also the removal of all obstruction within the harbour, etc.

Collection of demurrage charges on coal wagons at Manganese Depot.

At the instance of a member of the Committee, the Committee addressed the Bombay Port Trust on 26th October drawing their attention to the reduction of free time allowed for unloading coal wagons in the Manganese Depot from 9 to 4 working hours and the levy of demurrage charges for extra time beyond the reduced hours. They referred to their previous representation made to the Port authorities last year in this connection and regretted that the authorities should have again reduced the working hours this year also. It was urged that the Port Trust authorities should resume the old working hours in the interests of the coal merchants who would otherwise suffer hardships and loss. They referred to the information received by them in this connection that booking of coal from stations at the mining centres to Manganese Depot had also been considerably restricted which would act as a great hardship to the coal trade. It was stated that the Railway Board themselves had suggested to merchants to stock their necessary requirements of coal during the slack season with a view to avoid the additional 5% surcharge that came into force from 1st November. Lack of adequate supply of wagons would hamper the merchants from putting in their stock before the date of surcharge and therefore full booking to Manganese Depot should be ensured so that outstanding orders could be completed before 1st November.

The Bombay Port Trust in their reply dated 18th November appreciated the difficulties of the merchants with regard to the curtailment of free time and stated that in spite of the two placements per day provided for unloading Coal Wagons, there always remained a balance of unloaded wagons to be carried to the next day. As more wagons arrived for unloading than could be arranged for, it was not possible to unload all of them in one day and therefore measures had to be taken to speed up unloading by the curtailment of free time. With regard to the restriction on Bookings from collieries, they informed the Committee that 100 wagons were being booked per day, while the average daily receipts at Manganese Depot throughout October were only 73 wagons. Therefore, in their opinion, there could be no hardship to merchants in this regard. They stated that if the merchants would space out their orders over a sufficiently long period, this congestion would be avoidable. The Committee referred the reply from the Port Trust to the Chamber's representatives.

Solicitor to the Bombay Port Trust.

One of the representatives of the Chamber on the Bombay Port Trust, informed the Committee about the proposed appointment of a non-Indian Solicitor to the Bombay Port Trust, and desired the views of the Committee as to why an Indian should not be appointed to the post. The Committee in their reply dated 19th October advised the representative that instead of the appointment of a Solicitor by the Bombay Port Trust, it would be better for the Port Trust to create a legal department of their own under a qualified full-time Indian Solicitor, as was done by the Bombay Municipality, and that this point should be pressed by him on the Board with regard to the appointment in question. With regard to the specific enquiry of the representative, the Committee were opposed, on principle, to the appointment of a non-Indian as Solicitor to the Port Trust, and that the representative should press on the Board for the appointment of an Indian Solicitor.

Interview with the Member for Communications, Government of India.

The Committee had an interview with the Hon'ble Sir Andrew Clow, C.S.I., C.I.E., I.C.S., Member for Communication, on the 19th September when the following points were discussed :—

1. Reduction in charges for Trunk Telephone Service.
2. Hours of half-rate calls.
3. Restriction on outward calls.
4. Purchase of the Bombay Telephone Co., Ltd., by Government.
5. Postal and Telegraph charges between India and Burma.
6. Postal subsidies.
7. Increases in Railway freights and fares.
8. Purchase of Railways by the State.
9. Indianisation of Port Trust services.
10. Constitution of the various Port Trusts.
11. Civil Aviation.

Interview with the Chief Commissioner and the Financial Commissioner of Railways.

The Committee had an interview with the Chief Commissioner and the Financial Commissioner of Railways on the 29th July 1940, when the following subjects were discussed :—

1. Recent increases in Railway freights and fares.
2. Exemption from the increase of oil-cakes.
3. Establishment of a Rating Tribunal.
4. Composition of the Railway Board—a member with commercial experience.
5. Manufacture of Locomotives and Railway Stores in the country.
6. Inter-class accommodation over the B. B. & C. I. Railway.
7. Handling of consignments in transit.

Canvassing by Touts at Railway Premises.

It will be recalled that the Committee had addressed the Railway Board drawing their attention to a proposal of the Indian Railway Conference Association to prohibit the entry to railway platforms of persons for purposes of canvassing for passengers or soliciting for fares for vehicles plying for hire as published in the Annual Report of the Chamber for 1939. They had requested the Board in this connection not to accord their consent to the proposal in question without consulting public opinion. The Railway Board, in their letter dated 26th October 1940 referred to the said proposal of the Indian Railway Conference Association and desired the opinion of the Committee with regard to the proposed amendment of Rule 17 of the General Rules for all Open Line Railways, Part II, whereby touts canvassing for transport or soliciting fare for vehicles were also prohibited to enter railway premises.

The Committee in their reply dated 14th November opposed the amendment as supported by the Board and stated that as the railway premises were public places and as such canvassing was for the benefit of passengers, such restriction was neither fair nor just in the interest of those carrying on their legitimate business. They urged that while they supported the exclusion of hawkers and beggars from railway premises, the entry of touts canvassing for the benefit of the public should not be prohibited and that the proposal of the Indian Railway Conference Association should not be supported by the Board.

Surcharge on coal booked before 1st March 1940.

At the request of a member firm, the Committee in their letter dated 14th March addressed to the Railway Board referred to the increased surcharge with effect from 1st March on coal consignments and drew their attention to the Government Order requiring the consignees to pay the increased rates on consignments of coal booked before 1st March and thereafter to apply for refund of extra charges paid on such

consignments. They observed that the practice of enforcing higher rates not applicable to such consignments and then asking for application from consignees for payment of refund of extra charges collected, was unfair to trade. It was urged that the Railway Board should issue instructions to the Railways to collect freight at the old rate of surcharge on consignments loaded before 1st March 1940.

A reply was received from the G. I. P. Railway on the 22nd April pointing out that the charges in force at the time of the actual booking of the consignments had to be recovered and that no exception could be made from that general rule.

Railway freight on hemp.

The Committee in their communication dated 12th December, addressed to the Railway Board drawing their attention to the discrepancy in rates of freight for Hemp from certain stations to Calcutta and Bombay. They stated that the distance from Seoni to Bombay was 657 miles while from Seoni to Calcutta, the distance was 740 miles ; the rate for Bombay being As. 14-11 and for Calcutta being As. 12-2. This disparity in rates, it was stated, was responsible for loss of trade in hemp for Bombay. They pointed out that Hemp was grown in certain places nearby Bombay and if cheap railway facilities were available, Bombay would be in a position to develop hemp trade. They urged under the circumstances, for a parity of rates for hemp from the stations both for Bombay and Calcutta.

Supply of wagons for the transport of coal.

It was represented to the Committee that in view of the levy of a surcharge of 5 per cent on coal freight from 1st November, 1940, the Coal Wagon Supply Committee had requested Coal merchants to have their necessary supplies of stocks before that date. The Committee had also requested consumers to put into stock as much coal as possible before December. Accordingly the merchants had placed orders with the collieries. In spite of this definite advice of

the Committee, the supply of wagons was made difficult by about the middle of September, and it was evident that even the supply of contracted quantities of coal could not be made available before the said date of surcharge.

The Committee of the Chamber in this connection sent a telegram on 9th October, to the Coal Wagon Supply Committee, drawing their attention to the inadequacy of supply of necessary wagons to complete the requirements of coal merchants before the date of surcharge. They urged that sufficient wagons should be made available to the dealers for completing their indents before the surcharge came into force.

Exemption for oilcakes and husks from increases in railway rates.

The increases in freight rates on railway goods traffic with effect from 1st March provide exemption for fodder, foodgrains, etc., from their operation. In this connection, at the instance of a member firm, the Committee addressed the Railway Board on 14th March urging them to exempt oilcakes and husks from the extra freight charges as the same were used as cattle food and should be classified under fodder which was exempted.

Castor-cake manure and exemption from increase in railway freight.

The increase in railway freight by 12½% effected from 1st March 1940 did not apply to manure among a few other articles. It was, however, pointed out to the Committee that castor-cake, which was used only as manure, was not being allowed the benefit of this exemption. On enquiries made at the office of the G. I. P. Railway, merchants concerned were given to understand that the exemption in respect of manures obtained only for manures as defined by the entry "Manures of all kinds including chemical manures N.O.C." in the general classification of goods. The omission to mention separately castor-cake manure in the said classification was, therefore, put forward as a justification for denying to

castor-cake consignments the benefit of the exemption. The Committee addressed a letter to the Railway Board on 24th April pointing out the injustice involved in the above position. As castor-cake, being poisonous, could not be used for edible purposes or as cattle food and as the same was being used only as manure, it was only reasonable to expect that the concessional rate should be extended to consignment of such manure. They therefore suggested that the entry in the classification referred to should be amended so as to include castor-cake manure and that pending such amendment instructions should be issued to all the railway authorities to treat castor-cake as manure for the purpose of the exemption from the recent increase in railway rates.

The Railway Board in their reply dated 9th September stated that for purposes of exemption the term "fodder" applied to green grass and grass dry and as the commodities suggested by the Committee contained comparatively little cattle food the exemption desired could not be granted. As regards oil-cake used as manure they informed the Committee that instructions had been issued to railways to make adjustments in the basic rates of such commodities to bring them on a level of rates prior to March 1940 and that these concessional rates should be made applicable only when satisfactory evidence was available that the commodities would be used as manure. The Committee in their reply dated 20th September suggested that cakes such as castor cake, mowra cakes and karanja cakes which were not at all used for edible or any other purposes might be by name included under the heading manure with a view to obviate the necessity of production of proof in respect of their being used mainly as manure. They hoped that the cakes other than those mentioned above would also be given this concession after satisfactory evidence was obtained regarding their being used as only manures.

In this connection a member-firm informed the Committee that inspite of the above assurance of the Board, the B. B. & C. I. and the G. I. P. Railways were reluctant to carry out the instructions of the Board and were not inclined to exempt the oilcakes used as manure. The Committee

thereupon addressed the Railway Board on 25th October drawing their attention to their assurance that oilcakes used as manure would be exempted if satisfactory evidence as to their use as manure was produced. They brought to the notice of the Board the disinclination of the above two Railways to act according to the instructions of the Board, and requested the Board again to issue instructions to do the needful in the matter.

Railway freight on chrome ore.

The Committee addressed the Railway Board on 24th September 1940 drawing their attention to the recently established industry for the manufacture of sodium and potassium bichromate. These chemicals were useful in industries such as tanning, match making, etc. They stated that the company engaged in this industry experienced difficulties in the transport of chrome ore used in the manufacture of chemicals. This ore was obtained mainly from Mysore State and Bihar, the railway freight for which for Bombay was as high as about Rs. 45 per ton. Formerly this ore was mainly exported and therefore the question of freight concession had not arisen. The Committee requested the Railway Board to introduce a special concessional rate for the transport of chrome ore from supply centres in Mysore and Bihar to Bombay and thus help in relieving the burden of cost involved in freight.

The Railway Board in their reply dated 18th October suggested that the Railway Administrations concerned in the matter should be directly addressed on the question.

Railway freight on films.

The Committee in a communication dated 23rd July 1940, addressed to the Railway Board, referred to the assurance given by the Board in their reply to the representation of the Committee on the recent general increase of 12½% in Railway freights, to the effect that in cases where movement of trade would be affected by the general increases, adjustments in rates and fares would be made. The Committee

instanced the case of the transport of films which would be affected adversely by the general increases. It was explained that the transport of films and the transport of other commodities differed inasmuch as the films were rented out for use by a large number of cinemas in different parts of the country over and over again involving their transport to and fro a number of times, which was not the case with other commodities. They urged that the peculiar nature of the transport of films should be taken into consideration and that the same should be exempted from the general increases.

The Railway Board in their reply dated 23rd August regretted that no exemption was possible as suggested. It was stated that the freights in question were relatively small in comparison to the intrinsic value of the films and therefore any exemption granted in this regard would result in loss of railway revenues. They however stated that consideration would be given in cases where it was shown that the trade deserved some concession.

Limit for articles of special value under Section 75 of the Indian Railways Act.

Under the above Section precious articles above the value of Rs. 100 delivered to a Railway Administration for carriage were required to be declared and insured. On representations received by the Committee regarding the inadequacy of limit of Rs. 100 prescribed under this section, they addressed the Railway Board on 27th August suggesting that the limit should be raised to Rs. 300. In this connection, they referred to the following recommendations of the Local Advisory Committees of the G. I. P. and B. B. & C. I. Railways, which recommendations were placed before the Indian Railway Conference Association for adoption :

1. The above section may be amended so as to enhance the limit for excepted articles from Rs. 100 to Rs. 300.
2. Rule 127 of the I. R. C. A. Coaching Tariff be amended to permit of the usual free allowance on insured luggage.

3. The term "Insurance charges" wherever it appears in the Coaching Tariff be altered to "increased risk charges."

The Committee regretted that these useful suggestions were turned down except item 2, and stated that such recommendations of the Advisory Committees who formed a link between the travelling public and the railway administrations should have been given due weight. The Committee urged the Railway Board to amend Section 75 of the Act as suggested. In this connection the Committee also requested the various commercial bodies in the different provinces to request their representatives on the different Local Advisory Committees of the railways to take up this matter.

The Railway Board in their reply dated 18th September informed the Committee that they were not in a position to agree to the suggestion of the Committee.

Unit of weight for Railway parcels.

As recorded in the summary report of the Committee for the year 1939, the Committee had addressed the G. I. P. and the B. B. & C. I. Railways suggesting that parcels should be charged on the basis of a unit of 2½ seers and that the subsequent units should also be 2½ seers and not 5 seers as at present charged, to which the Railways had replied stating that the suggestion was not acceptable. After collecting information regarding the practice followed in this regard on foreign railways, the Committee again addressed the Railway Board on 17th February stating that if the Railways could not adopt a scale of such charges on the basis of the actual weight on account of administration purposes, they should at least have a minimum of 2½ seers, the subsequent units being multiples of 2½ seers and not 5 seers as charged at present. They stated that in countries like Great Britain, U. S. A., and Italy the scale of charges for parcels was based on a minimum unit of weight which was also the unit adopted for subsequent units and urged that similar practice should be followed in India also.

Catering Contracts over Railways.

The representative of the Chamber on the Local Advisory Committee of the B. B. & C. I. Railway placed before the Committee of the Chamber the relevant papers on the subject of catering contracts over railways which subject was under discussion in the Local Advisory Committee and desired the views of the Committee of the Chamber on the same. A summary of the views formulated by the Committee on the subject is as under :—

It is the responsibility of the Railway to ensure that the contractors should be able to supply articles of food of a standard quality at prices which should be reasonable and cheap. The contracts should be given to reliable parties having the resources to run the stalls and refreshment rooms on fair standards in the matter of the quality of food supplied and prices charged. To achieve this, a system of area contracts extending over divisions should be adopted as the contractors thus appointed would be in a better position to serve the public by having the advantage of a large area to cater on uniform standards and prices. There should be no objection to giving more than one division to contractors with adequate resources. Fixing and revising of rates should be determined in consultation with the Local Advisory Committees, which would be rendered easy if the system of zone contracts was accepted. A strict system of inspection of foods by special Inspectors and Medical Officers should be brought into operation. Discrimination in rentals between First and Second Class refreshment rooms in European style and Indian Refreshment Rooms was to be deprecated. It was unjust to charge high rentals to Indian Refreshment Rooms while those in European style were let out on a nominal rental or sometimes free. Standard charges should be fixed with regard to such rentals and concessions should be given only in such places where found necessary to Indian as well as European style rooms. The system of catering by departmental arrangement should also be given a trial and if found successful should be adopted wherever possible.

Handling of consignments in transit.

A member firm represented to the Committee that rough handling of their goods consignments in transit over Railways was responsible for considerable damage done to their steel goods which were sent to their customers in a highly finished state. The Committee discussed this matter with Railway Commissioners during their interview with them on 29th July 1940. They were assured by the Railway Commissioners that instructions would be issued to the authorities concerned to be more careful with regard to the handling of the goods in question in transit.

Booking of cigarette traffic from Andheri.

On a representation received from a member firm the Committee had enquired of the B. B. & C. I. Railway the reason for stopping booking of cigarette traffic from Andheri to stations in Northern India. The Railway in their reply dated 21st June 1940 informed the Committee that the traffic had been limited to one wagon per day from the Bombay district for via Sabarmati Junction as there was congestion at that junction. As the congestion had since been cleared the said traffic was being freely accepted.

Inter-class accommodation between Ahmedabad and Bombay.

The Committee had requested the Railway Board for the introduction of Inter-class accommodation on the Gujerat and Kathiawar Mails between Bombay and Ahmedabad, as recorded in the summary report of the Committee for the year 1939. The Railway Board in their reply dated 22nd January 1940 stated that the matter had been referred to the B. B. & C. I. Railway authorities with a request that the same should be considered when the Administration of the Railway would be in a position to provide extension of Inter-class accommodation.

Railway season tickets in the names of more than one person.

With reference to the correspondence between the Committee and the G. I. P. and B. B. & C. I. Railways regarding the advisability of issuing Railway season tickets in the names of more than one person in the interest of the commercial travelling public as recorded in the summary report of the Committee for the year 1939, the G. I. P. Railway in their reply dated 13th February stated that it was not possible for them to issue such tickets in the names of more than one person.

Drunken passengers in Local Trains.

On receiving complaints regarding the inconvenience caused to the suburban travelling public by drunken passengers returning from stations out of the prohibition bounds such as Kalyan, Bassein, Virar, etc., the Committee addressed on 8th March the B. B. & C. I. and G. I. P. Railway authorities drawing their attention to the nuisance committed by passengers in drunken state and the inconvenience suffered by the general travelling public as a result thereof. They pointed out that the presence of such drunken passengers was a great danger to the large number of women travelling by suburban trains.

The G. I. P. Railway in their reply dated 18th March stated that such drunken passengers causing nuisance were being apprehended and prosecuted with the help of the police as well as the Travelling Ticket Inspectors who kept a watch on such passengers.

The B. B. & C. I. Railway in their letter dated 14th March informed the Committee that the police had been instructed to watch these drunkards.

G. I. P. Railway Local Advisory Committee.

Mr. Gordhandas G. Morarji was re-appointed as a representative of the Chamber on the G. I. P. Railway Local Advisory Committee for a fresh term of two years from June 1940.

Classification of paper and cardboard.

As published in the summary report of the Committee for the year 1939, the Committee had suggested to the Railway Board that the classification of poster-paper and cardboards should be rearranged to remove the anomaly resulting from the confusion of the same with regard to the classification of wall paper and printing paper.

The Railway Board in their reply dated 23rd January stated that poster-paper was chargeable as Paper N.O.C., viz., at 2 RR in bales or bundles and at 4 RR when packed in cases, and that Railway Administrations concerned might be informed about instances where poster-paper was charged as wall paper at 6 RR. Regarding cardboard in bales or bundles being charged at 4 RR, they also stated that the fact should be reported to the Railway Administrations concerned.

Reference from the Indian Railway Conference Association.

The Committee were addressed from time to time by the Indian Railway Conference Association with regard to the proposed changes in the classification of goods. The main items dealt with by the Committee under this head were the following :—

1. Coloured Pastels.
2. Stationery.
3. Milk Powder.
4. Bakelite and Bakelite Ware.
5. Gilt Ornaments.
6. Dhania Dhall.
7. Chimneys and Globes.
8. Pill Boxes.
9. Argo Oil.
10. Steel Beams.
11. Beam Rafters.
12. Angle Purlins.

Postal rates between India and Burma.

The Committee addressed on 31st May 1940, the Director-General of Posts and Telegraphs, reminding him again

of the difficulties caused by treating the postal systems of India and Burma as separate units consequent on their political separation. The letter gave an instance, in which case, a value payable parcel was sent from Bombay to a postal station in Burma for which due postage was affixed. The addressee in question did not take delivery of the same and the parcel on its return to the sender in Bombay was again charged for by the Government of Burma which was not usually the case formerly.

The Committee desired to know whether the return charges were the result of the recent changes treating the Burma postal system as an independent unit. They added that if it was true, Government should take up the matter with the Government of Burma and get this unusual practice of charging the return parcels removed.

The Director-General in his reply dated 24th June stated that the sender of the parcel in question was charged on account of the return postal charges due to Burma Government as well as for warehousing charges. Similar practice, it was stated, was observed by the Postal Department here in respect of undeliverable foreign parcels vide clauses 237 and 257-F of the Indian Post and Telegraph Guide. The suggestion of the Committee to take up this matter with the Government of Burma was not acceptable to the Director-General.

Postal rates on books and printed matter.

The postal rate for registered newspapers and periodicals is 3 pies for 10 tolas while that for printed books is as much as 9 pies for the first 5 tolas and 6 pies for every additional 5 tolas. On receiving representation from the interests concerned in this connection, the Committee addressed on 16th February 1940, the Director-General of Posts and Telegraphs, pointing out the wide disparity in postal rates between registered newspapers, magazines, etc., and printed books. It was stated that the existing high postal rate for printed books was a handicap to the wider use of books which were the

sole medium of instruction to the public in matters technical, scientific, commercial and educational. It was urged that this high postal rate on books should be sufficiently reduced in the interests of education in general and also the reading public.

A reply was received from the Director-General on 20th March pointing out that the question of allowing a concessional rate for transmission of books had been considered in the past, that such a concession would in practice be most difficult to work as it was likely to be claimed for books of all descriptions such as pamphlets, circulars, catalogues, etc., and that therefore it was not considered possible to introduce a special rate for parcels of books.

Delay in payment of claim regarding an insured cover lost in transit.

It was brought to the notice of the Committee that a member firm, who had sent an insured letter through the Post Office, and which was lost in transit, were informed by the Presidency Postmaster, Bombay, that their claim for compensation would be paid after the result of the police enquiry was known. The Committee thereupon addressed on 28th June 1940 the Postmaster-General, Bombay, requesting that the claim of the party should be paid before the result of the police enquiry was known as the Postal authorities had admitted the loss of the letter in question in transit. The party was not concerned with any enquiry instituted by the Postal Department in the matter, and therefore, the Committee requested that their claim should be immediately paid.

The Postmaster-General in his reply dated 10th July informed the Committee that Departmental enquiries regarding the matter were in progress and that the claim would be settled on completion of the enquiry. The Committee in a further letter dated 18th July emphasised that the Department was not justified in withholding the claim of the party pending the departmental enquiries unless some underhand

methods on the part of the claimant were suspected which in the case under consideration was not at all possible. The Committee were subsequently informed that the claim had been paid.

Trunk Telephone charges.

The Posts and Telegraphs Department had introduced a change in the working of the Trunk Telephone calls with effect from 1st January 1940 whereby the time for the half-rate Trunk calls was reduced from 12 to 8 hours, i.e., from 8 p.m. to 8 a.m. to only 10 p.m. to 6 a.m. On receiving representation in this connection the Committee addressed the Director-General of Posts and Telegraphs on 30th January 1940 pointing out that the reduced hours from 10 p.m. to 6 a.m. were useless either for business or social calls and therefore the practical effect of the change would be the withdrawal of the facility of half-rate trunk calls. If, as stated, the increase in the volume of traffic on the trunk telephones had resulted in great congestion and the steps taken had been necessitated to remove the same, it was not the proper remedy to have brought in restrictions in the use of the service. It was the opinion of the Committee that if the change was persisted in, the use of the half-rate service would be eliminated and to that extent the telephone habit in the country would be discouraged.

The Director-General of Posts and Telegraphs in his reply dated 15th February drew the attention of the Committee to the press-note issued on 21st February giving reasons for the change which was of a temporary nature.

Long distance Goods Traffic by roads.

The Government of Bombay addressed the Committee on 1st June 1940 regarding the possible prohibition or restriction of the long distance carriage of goods by roads under the Motor Vehicles Act, 1939, and desired their views on the same. The Committee were opposed to any restriction being

placed on the traffic within the Province, the longest distance in the Province being 280 miles only. Regarding traffic from outside the Province, they stated that under the new rules lorries and buses were required to get licensed at high fees to enter different regional areas and therefore it was not right for Government to place artificial restrictions or restraints on such transport in the interest of any alternative traffic. Higher prices of petrol would automatically act as a restriction on such transport. The volume of traffic was not such as would necessitate any restriction. The road traffic was paying its own revenue to the Provinces and the Central Government on account of the duty on petrol and sales tax. Motor traffic offered certain facilities to the agriculturists, to the ordinary public and to industrialists which the Railways were not in a position to offer. Besides the road transport offered lower rates in comparison to the railway freight rates on many commodities. Road taffic is responsible for starting many workshops in different places and has given a mechanical sense to the agricultural areas. If any restrictions are desired, they may be placed only for the safety of the drivers, passengers and passers-by, but not with a view to give any advantages to the Railways. Committee were opposed to the idea of fixing maximum and minimum rates of freight.

Motor Vehicles Act, 1939 — Fixing of Maximum and Minimum Fares for Stage Carriages.

The Government of Bombay in their communication dated 11th September, invited the views of the Committee on the proposals regarding the fixation of maximum and minimum fares for stage carriages under Section 43 (1) of the Motor Vehicles Act, 1939.

The Committee in their reply dated 15th October, referred to their communication addressed to the Government of India in the year 1938, wherein they had opposed any proposal for fixation of maximum and minimum fares. They had also expressed the same views to the Government of Bombay in July last in connection with the proposed restrictions on long-distance goods traffic by roads. They emphasised that

so long as the Provincial Government had no power to fix or regulate the fares for rail transport, it was not fair to consider the question of regulating fares for motor transport. They urged Government to abandon the proposal for fixing maximum and minimum fares for stage carriages.

Representative on the Provincial Transport Authority under the Motor Vehicles Act.

The Committee nominated Mr. J. C. Setalvad as their representative on the Provincial Transport Authority under the Motor Vehicles Act, 1939, in response to the communication dated 31st January 1940 from the Government of Bombay.

Communication Services Questionnaire.

In response to a questionnaire issued by the Communication-Service Sub-Committee of the National Planning Committee, the Committee of the Chamber submitted their replies a brief summary of which is as under :—

In the opinion of the Committee postal facilities at present existing were inadequate to meet the requirements of the people. It was stated that the proportion of such facilities in other countries was greater than available here. Reduction in charges of postal rates was likely to result in proportionate increase in the postal revenue. It was felt that due publicity was not given to the banking activities of the Postal Department. It was suggested that interest allowed on money deposited in post office savings bank should be increased to attract more deposits particularly from the poorer classes. The Committee laid great stress on medical and social services the postal department could render to the villages in matters of medical supplies, spreading useful information amongst villagers through the medium of postmasters in rural areas etc. It was stressed that the department should be run on a public utility basis and that the present scale of charges should be reduced to afford facility to the poor and middle classes. Regarding radio broadcasting it was suggested that radio licence fee should be reduced to make it possible for poorer

people to afford sets. With cheaper radios and suitable educational programmes the problem of alarming illiteracy in the country could be tackled more gainfully. Useful suggestions regarding local telephone services, trunk telephones and telegraph and other services were also made.

II. FINANCE, TARIFF AND TAXATION.

Budget of the Government of India for 1940-41.

The Committee sent a telegram to the Government of India on 4th March giving their views on the Budget proposals for 1940-41 placed before the Central Legislature. They were of opinion that the country as a whole had not benefited from the rise of prices due to the war as made out by the Finance Member and that the increases proposed in the duty on motor spirit and the excise duty on sugar were not justified as both these increases would press heavily on the poor people. Petrol had already been taxed by some of the Provincial Governments and the additional duty proposed in the Budget would harm the transport industry. The per capita consumption of sugar in India was small as compared with that of other advanced countries and therefore the increase in the excise duty on sugar, which should form an important item in the dietary of the people, was calculated to affect the health of the people. The heavy increase in the defence expenditure as a result of the war, which India is called upon to contribute, is more than what a poor country like India can afford to pay. The Committee urged that if the pace of indianisation of the army was accelerated, reduction in expenditure would automatically follow. In computing demands to meet expenditure for the current year, Government had under-estimated revenue which would reasonably accrue from Excess Profits Tax, duty on silver, etc. Although 11 crores of new taxation was budgetted a larger sum was expected to be received into the Government Treasury. It was urged that the postcard should be reduced from 9 pies to 6 pies in view of the expected surplus in the Posts and Telegraphs receipts. The Committee were of opinion that if Government had done everything possible to advance India industrially, agriculturally and economically, India at such a time of crisis would have stood as a great asset.

Railway Budget for the Year 1940-41.

The Committee sent a telegram dated 21st February 1940

to the Government of India containing a statement of their views on the Railway Budget for the year 1940-41 presented by Sir Andrew Clow in the Central Legislative Assembly and by Sir Guthrie Russell in the Council of State, a brief summary of which is as under :—

The increases proposed in the goods, parcels and passenger traffic would hit hard not only the commercial and industrial community but also the agriculturists, as a result of which the prices of cotton and other commodities had suffered a heavy drop. It was necessary that the commercial crops should also have been included in the exemptions granted to food grains and fodder. The surcharge on coal now proposed to be increased to 15 per cent immediately and 20 per cent during the busy season was an objectionable levy and would not only affect the coal industry but other industries also. It was pointed out that in 1932 increases were effected in coaching tariff, passenger fares and parcel rates and in 1936 various changes were made in the goods classification with a view to increasing the freight rates on goods traffic. The past year had resulted in a surplus and the current year will also leave a surplus which fact did not justify the increases effected, especially in view of the war conditions which would automatically give an increased return to the railways. The Budget suffers from underestimation of revenues and Committee feel that the Rs. 2¼ crores required by Government would even otherwise be collected without the increases. If Government propose the increases for the purpose of augmenting the reserves, the principle underlying such a proposal is open to objection ; neither can the policy of effecting such increases for making up the deficit for payment of contributions to the General Revenues be justified.

The Railway Board in their reply dated 18th May 1940 explained that the increases were found necessary in view of considerations such as the Board's obligations to the General Revenues and the desirability of securing reserves which would be useful in times of depression. Attention was drawn to the assurance given by the Hon'ble Member in his Budget

speech that the effect of these increases would be carefully watched and that if railway revenue suffered any reduction as a result of any particular rate, necessary adjustment would be made.

Indo-Japanese Trade Convention and Protocol.

A statement was made by the Hon'ble the Commerce Member to the Government of India in the Legislative Assembly on 1st April 1940 that pending the conclusion of a new Protocol with Japan, imports of piecegoods from that country would be allowed upto a maximum of 400 million yards per annum as against the maximum of 358 million yards provided under the old protocol. On 24th April the Committee addressed a letter to the Government of India protesting against this arrangement. In this connection the Committee of the Chamber and various other commercial bodies in the country had suggested that the quota to be prescribed for Japan in the new protocol should be considerably less than that provided under the old one. Notwithstanding such a demand for a reduction in the maximum limit, Government had agreed to an increase in the same without at the same time securing to India any *quid pro quo* for this additional concession. They further pointed out the various directions in which the Indo-Japanese Trade Protocol required to be modified in favour of India, particularly in the matter of affording protection to the various small industries in the country which were suffering from the effect of the Japanese competition. The Committee also asked for information as to whether the quota of 400 million yards per annum now allowed was composed of the various categories of piecegoods stipulated in the old protocol or whether the said maximum was without any limitation in regard to the classes of goods to be imported. The Committee finally urged that Government should, before committing India to any new terms for the purpose of a revised protocol, take the commercial community into confidence in regard to all the demands made by Japan and that they should agree only to such terms and conditions which were generally acceptable to the Indian commercial interests.

The Government in their reply dated the 25th May 1940 informed the Committee that Government had consented to the increased figure for imports of Japanese piecegoods on the Japanese Government giving an undertaking that the exports of cotton piecegoods to India shall be readjusted retrospectively with effect from 1st April 1940 in accordance with the terms that might be agreed upon under the revised Indo-Japanese Cotton Protocol. The Committee in their reply dated 18th June 1940, emphasised that at least a corresponding increase in the offtake of Indian cotton should have been provided under the new arrangement, as under the old Protocol imports of piecegoods were linked to the offtake of Indian cotton. The position created by the increased quota under the new arrangement placed the export of Indian cotton to Japan in a difficult plight, and further that the incentive to expedite the revised Protocol on the part of Japanese Government had been removed. The Committee urged that the conclusion of a new Protocol should be expedited in the light of suggestions placed before Government by the commercial bodies.

Levy of countervailing duty on bountyfed articles.

With reference to the correspondence between the Committee and the Government of India on the above subject ending with the letter from the former dated 9th October 1939, the latter, in their reply dated 21st December 1939 turned down the suggestion regarding the appointment of a permanent officer to examine all cases of articles the import of which into India was helped by subsidies in the country of manufacture, as the same was not found necessary. With regard to the duty free import of skimmed milk power it was stated that the same was allowed in the interest of the Indian consumer. The question about American subsidy on exports of cotton and the depreciation of the Chinese Dollar were under consideration. The reply further stated that the export guarantee scheme adopted by the U. K. mainly guaranteed the U. K. exporter against loss and therefore the same did not operate as a means of subsidisation either direct or indirect. The

Committee in their reply dated 25th January 1940, requested Government to take timely initiative themselves and take necessary action instead of waiting for complaints from the trades concerned. It was stated with regard to the duty free import of skimmed milk, that although the price of the commodity had been cheapened, the quality of the commodity thus supplied would result in grave detriment to the health of the consumers. The Committee were firm in their conviction that the export guarantee scheme did help, though indirectly, to subsidise the U. K. exporter and suggested that if the existing powers under the Tariff Act would not permit of the levy of countervailing duites on imports under the said scheme, steps might be taken to have the Act amended provided for such powers.

Duty free import of alumina—Manufacture of aluminium in the country.

The Committee in a communication to the Government of India referred to a notification exempting import of alumina from payment of duty in order to enable the manufacture of aluminium in India. The notification provided that the concession would remain in force until the expiry of 4 years from the date thereof or until adequate supplies of alumina made in India were available at a reasonable price. The decision as to when such supplies were available in India, would lie with Government. The Committee desired to know what active steps had been taken by Government for the purpose of encouraging the production of alumina from Indian bauxite in the country. They drew Government's attention to the existence of bauxite deposit in Thana District which was known to the Department of Industries, Bombay, since 1938 and requested Government to entrust investigation of the possibilities of producing alumina from bauxite to the Board of Scientific and Industrial Research. It was suggested that steps should be taken to establish aluminium industry in India including the manufacture of alumina from Indian bauxite.

Changes in Tariff-valued heads.

In reply to the communication from the Director-General of Commercial Intelligence and Statistics in connection with the proposed changes in the tariff-valued heads for consideration at the annual revision of the tariff values, at the end of the year, the Committee in their letter dated 12th September suggested that if soda caustic powdered be added to the existing head "soda, caustic, flake or petal" the value may be fixed on the basis of the value prevailing for powdered soda as the price of powdered caustic soda was slightly higher than petal or flake. It was stated, however, that a separate heading for powdered caustic soda was preferable.

Tariff-valued head for napupa seeds.

The Committee addressed the Director-General of Commercial Intelligence and Statistics on 15th October 1940 drawing his attention to the difficulty experienced by merchants interested in the import of Napupa seeds in respect of assessment and collection of Customs Duty on the same. They pointed out that the duty on this article was collected on an assumed market value without reference to the prevailing market value. They urged that a tariff value head should be introduced for Napupa seeds to obviate uncertainty regarding the amount of duty payable.

Mid-year revision of Tariff Values.

The Director-General of Commercial Intelligence and Statistics met the Import-Export Sub-Committee of the Chamber on 22nd May 1940 when proposals regarding the mid-year revision of tariff values for the second half of 1940 were discussed.

Annual revision of Tariff Values.

The Import-Export Sub-Committee of the Chamber had an interview with the Director-General of Commercial Intelligence and Statistics on 14th November 1940 when the suggestions in connection with the provisional Tariff Values for 1941 were discussed.

Tariff-value head for old newspaper.

Dealers in old newspapers had represented to the Committee that they experienced great difficulty in securing deliveries of consignments of old newspapers on account of the removal of the item of old newspapers from the schedule of fixed tariff values. They stated that the prices of the consignments were more or less arbitrarily fixed by the Customs Appraisers without regard to the prevailing market rates for the same.

The Import-Export Sub-Committee of the Chamber discussed the matter with the Director-General of Commercial Intelligence and Statistics during their interview with him on 14th November 1940. The Director-General promised to look into the same.

Banking Legislation.

In response to the Communication dated 5th January 1940 from the Government of India forwarding the proposals of the Reserve Bank of India on the question of banking legislation, the Committee on 10th May 1940 addressed the Government of India giving their views thereon as under. The Committee at the outset reminded Government that inspite of the need of a comprehensive Bank Act, demand for which had been made since 1913, only a patch work of proposals emanating from the Reserve Bank had been found sufficient by Government to act upon for putting the banking business in the country on a regulated scale. It was stated that at this stage such legislation should have covered all aspects connected with the business of banking in India and that Government should have submitted a comprehensive Bill embodying provisions for all the measures of reform suggested by the Central Banking Enquiry Committee. They were of opinion that a separate consolidating Bank Act should have been enacted independently of the companies' Act. The Committee strongly favoured restrictions on the activities of the foreign banks and suggested that such banks should be allowed to have only one office in each of the Provincial headquarters,

and they should be precluded from receiving time deposits and doing inland banking business. Such restrictions would help the Indian banks to consolidate their position and also help them to escape the cut-throat competition from the foreign banks. Although they agreed with Clause 5 of the proposals that firms not doing banking business should be prevented from being called bankers, they were not in favour of placing any restrictions on firms or companies doing banking business so long as such firms and companies did not call themselves bankers. The Committee commented at great length on the question of the linking of indigenous bankers with the Reserve Bank, and stated that the private bankers had an important place in the economic life of the country and should not be wiped out as a result of the proposed banking legislation. The Committee also discussed in detail the various aspects of the proposals.

Exchange banks and Indian policies.

With reference to the correspondence of the Committee on the above subject with the Exchange Banks Association and the London Chamber of Commerce as referred to in the summary report of the Committee for the year 1939, the London Chamber of Commerce in their reply dated 18th January gave an assurance that there was no discrimination on the part of British traders against Indian Insurance companies. They, however, drew the attention of the Committee to the present increasing tendency to insure through U. K. companies in preference to overseas concerns, the reason being that the war risks were re-insurable with the British Government which was an additional advantage to the U. K. companies in securing business. The Committee in their reply to the London Chamber dated 15th February pointed out that the facility of reinsurance with the U. K. Government of war risk in respect of marine policies was also available to the Indian Insurance companies and therefore the plea advanced about the additional advantage to U. K. companies in securing business in preference to overseas concerns was not tenable. The Committee thereafter addressed the Govern-

ment of India on the 16th February detailing out the difficulties experienced by the Indian Insurance companies as a result of the refusal on the part of the Exchange Banks to accept Indian policies and also enclosing therewith copies of correspondence on the subject carried on with the Exchange Banks Association and the London Chamber of Commerce. It was urged that Government should take up this question with His Majesty's Government and get such impediments removed from the way of Indian Insurance Companies in securing their legitimate share of business.

Non-acceptance of policies issued by the Indian Insurance Companies for shipment to Japan.

The Committee were informed that local Exchange Banks had intimated to their clients that in future documents in respect of goods per Japanese steamers would be negotiated by them only if they were accompanied by marine policies issued by American or English Insurance Companies and that policies issued by the Indian Insurance Companies would not be accepted for the purpose. The Committee thereupon addressed the Exchange Banks' Association on 23rd July 1940, desiring to know whether the information given was correct in respect of the exclusion of Indian Insurance Companies' policies for goods shipped by Japanese boats. They added that if the information in question was correct, they should like to know the reasons which prompted the Exchange Banks to make such an invidious distinction against Indian policies. The Exchange Banks Association in their reply dated the 31st July 1940, stated that the Association as such could not take up this matter as each Bank had to carry out the instruction received from their Head Office in this connection. They stated that Banks were in correspondence with their Head Offices on the subject and it was hoped that the ruling of the Head Office would be relaxed in some measure.

Rupee-Yen Exchange.

At the instance of a member Association, the Committee in their letter dated 12th July 1940, addressed to the Exchange

Banks Association, drew the attention of the Association to the wide disparity between the buying and selling rates quoted by the Exchange Banks for Rupee-Yen Exchange which was at present as much as 10 per cent, and desired to know the reasons for such a big difference which was almost nominal a short while ago. The Association in their reply dated 15th July 1940, stated that the rates in question were fixed by the Exchange Control in Japan, and they were advised to the Yokohama Specie Bank daily, on the basis of which the Rupee-Yen Exchange was operated with a slight margin in both the sales and purchases.

Elimination of pies from commercial transactions.

The Federation of Indian Chambers of Commerce and Industry in their communication dated 15th January referred to the suggestion of the Bengal Chamber of Commerce, Calcutta, to eliminate pies from commercial transactions and invited the views of the Committee thereon. The proposal meant that pies should be eliminated from transactions between merchants by treating 6 pies and upwards as one anna and by disregarding amounts less than 6 pies and that such adjustment was to be only with reference to total amounts due and not to rates of quotations per unit or per cent.

The Committee in their reply dated 21st February stated that they were not in a position to support the proposal.

Scarcity of Rupee coins.

The Committee sent a telegram on 3rd July 1940, to the Government of India drawing their attention to the difficulty experienced by the Commercial Community as well as the public in obtaining Rupee coins for their day to day requirements. It was pointed that the Commercial Department of Government, Public Utility Concerns and especially the retail traders who had to serve the public were finding it difficult to meet the situation created by the scarcity of Rupee coins. It was urged that Rupees should be freely issued by the Reserve Bank to satisfy the needs of the public, as otherwise it was feared that daily exchange of goods and services would almost stop.

Revenue payments by cheques.

The Committee addressed a letter to the Government of Bombay on 29th April 1940 pointing out the inconvenience caused to the public by the non-acceptance of cheques by Revenue collecting authorities in payment of amounts due to Government on account of revenue. They observed that it was inconvenient for parties concerned who were situated away from the paying centres to arrange for payment in cash. Moreover, when the amount involved was large, there was also the question of the risk connected with the carrying of a large amount of cash in person. They suggested that the inconvenience should be obviated by Government issuing orders to Revenue collecting authorities to accept cheques in payment.

Computing real value for purposes of assessment to Customs Duty.

The Committee were informed by a member-firm that the Customs Department had introduced the inclusion of interest charges in computing real value for purposes of assessment to Customs Duty. The Committee thereupon addressed the Collector of Customs, Bombay, on 21 August, desiring to know whether the information was correct, and, if so, to have a copy of the notification or circular relevant to the same. The Collector, in his reply dated 14th October, stated that the change in practice under Section 30 (*b*) of the Sea Customs Act was introduced under Orders from the Central Board of Revenue. The Committee then addressed the Central Board of Revenue on 26th October drawing their attention to the change of practice of including bank commission and interest charges in ascertaining real value under the said Section and stating that the Section made no reference to interest or such other incidental charges. They added that the Act contemplated to levy duty on the actual value or cost of goods, and therefore, addition of any assumed cost was unfair. They requested the Board to issue necessary instructions to resume the old practice of collecting duty on the actual amounts of the drafts. The Central Board of Revenue

in their reply dated the 10th December stated that such charges were to be included in the net value only if they were paid for by the supplier and invoiced by him to the buyer. They stated that their orders in this regard were misinterpreted as being applicable to such charges generally.

Fixed rate of conversion of Sterling into Rupees for Customs purposes.

The Committee had, in the year 1920, supported the adoption of a system of conversion of sterling invoice prices into rupees for Customs purposes at a fixed rate of exchange. The proposal was however dropped then as a section of the trade was not in favour of the same. The Collector of Customs in his letter dated 24th May 1940 again proposed to adopt at this port the conversion of sterling amounts at the fixed rate of £1 = Rs. 13 1/3 so long as the Banks' published selling rate was not lower than 1*s.* 5 11/16*d.* and not higher than 1*s.* 6 5/16*d.* The Committee agreed to this proposal in their reply dated 24th July.

Amendment in Income-tax Rules—Form of Return of Income (Rule 19).

In reply to the communication dated 2nd March from the Central Board of Revenue regarding draft amendment to Rule 19 of the Indian Income-tax Rules, proposing certain changes in the Form of Return, the Committee sent their observations on 20th March, summary of which is as under :

1. It was suggested that the note in brackets in Section A of Part I should be deleted and inserted in Section C, as the income controlled in an Indian State arose outside British India and the proper place for this in the Return should be under Section C and not under Section A.

2. The note on page 6 of the Return regarding the signing of the Return requires that the Return in all cases should be signed by the assessee himself and not by any person holding his Power of Attorney. This involved great hardship in practice where the assessee might be absent from India at the

time of the Return. It was suggested that in particular circumstances the holder of the Power of Attorney should be allowed to sign the Return.

3. Disclosure as to the names of persons to whom the assessee had paid in the previous year rent, interest commission, royalty or brokerage or annuity amounting to Rs. 400 should not be insisted.

Rate of depreciation under the Income-tax Act.

The Central Board of Revenue published on 12th April 1940 the revised draft rates proposed by Government for the purpose of allowing depreciation under the Income-tax Act in respect of building, plant, machinery and furniture. The Committee sent a detailed representation on 25th April 1940 containing their views on the said rates, in which they pointed out that the revised rates did not completely give effect to the general formula enunciated by them in their previous communication on the subject, viz., that in the change-over from the prime cost to the written-down basis, the relief by way of annual depreciation should be so adjusted as to achieve the same results within the same period as under the old basis. They further made suggestions regarding the rates required for certain specific assets such as shipping, electrical machinery, machinery for the production of cinema and cinematograph films, contractors' machinery, wireless and wireless appliances, machinery in the manufacture of healds and reeds, etc.

In regard to increased depreciation for machinery working double shift, they submitted that the proposal of Government that an extra allowance upto a maximum of 50% of the normal allowance was inadequate and that the element of discretion vested in the Income-tax Department in the grant of such allowance should be removed. They felt that about 50% over the basic rate should be allowed for double shift work alone, and for multiple shifts allowance at a greater percentage should be prescribed.

Written down value for depreciation allowance.

The attention of the Committee was drawn to an anomaly that would arise by the application of the written down value system for allowance of depreciation from the year 1940-41. The allowance of depreciation under the new Act would be calculated on the written down value which was arrived at by taking the actual cost to the assessor and deducting therefrom for each of the financial year, since acquisition, depreciation at the appropriate rate applicable to the asset in question. In case of buildings, such a procedure would lead to the fixation of artificial value for purposes of depreciation. They pointed out that there was no provision for depreciation of buildings, prior to the financial year 1912-13. The Committee in this connection, addressed the Central Board of Revenue, requesting them to clear this anomaly, by issuing departmental instructions to the effect that in arriving at the written down value, allowance for depreciation should be deducted only for the period for which there was specific provision for the same.

Income-tax Manual — inclusion of Departmental instructions.

The Committee in their communication dated the 11th December addressed to the Central Board of Revenue drew their attention to the exclusion of certain instructions from the Income-tax Manual issued after the Income-tax Act, 1939, which used to appear in the previous editions of the Manual. The Instructions under question laid down the procedure in regard to the administration of the Act and clarified the provisions of the Act. These instructions were, in the opinion of the Committee, very necessary for guiding the Assessees in respect of particular provisions of the Act. The Committee urged that such instructions should not be withheld from the Income-tax Manuals, as they were issued for the benefit of the public. They also suggested that the instructions desired in regard to the Excess Profits Tax Act should also be published in the Manual or in a separate Manual as the Act was a new piece of legislation and required such clarification.

Qualifications of recruitment in the Income-tax Department.

The attention of the Committee was drawn to an advertisement published by the Commissioner of Income-tax, Bombay, inviting applications for the appointment of an Assistant Income-tax Officer in the Income-tax Department, wherein the list of qualifications prescribed for the post included associateship of the Institute of Chartered Accountants or the Society of Incorporated Accountants in Great Britain.

The Committee, therefore, addressed on 4th July 1940, the Commissioner of Income-tax desiring to know whether the corresponding Indian Accountancy qualification, viz., R.A., was also within the scope of the qualification prescribed for the post advertised. The Commissioner in his reply dated 13th July 1940, referred to the supplementary advertisement published in *The Times of India*, Bombay, and *Daily Gazette*, Karachi, whereby the Registered Accountants were entitled to apply for the advertised post.

Form of Return of Income in vernaculars.

The Committee in their letter dated 20th March addressed to the Commissioner of Income-tax, Bombay, suggested the advisability of supplying forms of Return in vernacular, in case the same were asked for by assessees who might be ignorant of English language. The Commissioner in his reply dated 13th May 1940 stated that, on application, such forms would be supplied to the assessees requiring them.

Board of Referees under the Excess Profits Tax Act, for the Bombay Presidency.

The Committee voted for the following gentlemen for nomination by the Federation of Indian Chambers of Commerce and Industry on the panel for the formation of Board of Referees under the Excess Profits Tax Act :—

Mr. Chunilal B. Mehta,
„ M. C. Ghia, M.L.A.,
„ M. A. Master,
„ Ratilal M. Gandhi, M.L.C.,
„ D. D. Shroff.

Subsequently the following gentlemen were elected by the member bodies of the Federation for nomination on the Bombay Panel :—

Mr. Chunilal B. Mehta,
„ D. D. Shroff,
Sir Purshotamdas Thakurdas,
Mr. Tulsidas Kilachand,
„ Ratilal M. Gandhi, M.L.C.

Interview with Mr. J. F. Sheehy, C.S.I., I.C.S., Member, Central Board of Revenue.

The Committee had an interview with Mr. J. F. Sheehy, Member, Central Board of Revenue, on 2nd September when the following points were discussed :—

1. Allowance of secret commission.
2. Definition of non-resident British subject—Corporate and Incorporated bodies.
3. Partnerships.
4. Power of revision.
5. Private Religious Trusts.
6. Free and voluntary disclosures.
7. Allowance for vacancies in property assessment.
8. Distribution of assessable instead of actual profits.
9. Re-assessment and rectification of mistakes.
10. Depreciation allowance on second-hand ships.
11. Higher percentage of depreciation during war.
12. Excess Profits Tax.
13. Obsolescence allowance.
14. Reserves for replacements.
15. Certain contributory liabilities.
16. Administration and relations with the public.

Excess Profits Tax Bill.

The Committee sent a telegram to the Government of India on 1st February protesting against the Excess Profits Tax Bill published in the Government of India Gazette dated 27th January and introduced in the Central Legislative

Assembly on the 6th February. They also submitted on 10th February a detailed statement of their views on the said Bill in which they made various suggestions regarding modifications necessary in the provisions of the Bill.

A public meeting in this connection was held under the auspices of the Indian Merchants' Chamber and various other Commercial Associations on 9th February 1940 to protest against the Excess Profits Tax Bill under the presidentship of Mr. Chunilal B. Mehta, President of the Indian Merchants' Chamber.

The following Resolution proposed by Sir Purshotamdas Thakurdas, C.I.E., M.B.E., and seconded by the Hon'ble Sir Rahimtoola M. Chinoy, Kt., was passed unanimously at this meeting :

"This Public Meeting of the commercial, industrial and trading community of Bombay held under the auspices of the Indian Merchants' Chamber and several allied organisations strongly and emphatically protests against the proposed Excess Profits Tax involving heavy and unexpected increase of burden of direct taxation. The commercial community is opposed to the very basic idea of the Bill which they consider at present premature and inopportune.

"This meeting further considers that the proposed new taxation will be a heavy handicap on the holding capacity of the commercial community and will definitely give a setback to any further enterprise in the field of industrialisation of India. The procedure and method of determining standard profits and standard years selected are unfair and unjust and would result in the payment of much higher Excess Profits Tax than would otherwise be payable.

"This meeting considers that the rate of 50% proposed for the tax is too high for this country and will be a great blow both to existing and new industries. This meeting urges most emphatically that the Bill should be withdrawn in the interests of trade, commerce and industry and also agriculture."

The Chamber in this connection also sent a deputation to the Government of India consisting of Mr. M. C. Ghia, M.L.A., Mr. A. D. Shroff, Mr. Mangaldas B. Mehta and Mr. D. D. Shroff to acquaint Government and members of the Legislature with the views and difficulties of the commercial community in regard to the tax as also the manner and method of its levy.

War risk insurance on land.

A telegram drawing the urgent attention of the Government of India, Commerce Department, to the state of nervousness prevalent in commodity and other markets in Bombay and the consequent heavy slump in prices of agricultural products, was sent by the Committee on 28th June 1940. The telegram referred to the recent war developments which had worsened the situation, and stated that the loss of export markets and lack of shipping freight were responsible for accumulation of stocks. The situation had taken on a graver aspect by the imminence of possible loss or damage to such stocks by enemy action. The telegram urged immediate action on the part of Government to preserve the economic fabric of the country which was threatened by war developments. To relieve the present tension it was suggested that Government should announce a scheme for the insurance of commodities and goods including manufactured products against war risk on the lines of the Commodity Insurance scheme in force in the United Kingdom under part II of War Risk Insurance Act 1939.

In this connection Mr. H. C. Prior, Additional Secretary to the Government of India met in an informal conference the representatives of the various commercial Associations to consider the desirability of a scheme for War Risk Insurance on land. Mr. Chunilal B. Mehta, President, Mr. M. C. Ghia, M.L.A., Vice-President and Mr. J. C. Setalvad represented the Chamber in this Conference.

The Government of India addressed the Committee on 18th July, forwarding a copy of the Press Communique re-

garding war risk insurance on commodities on land, and desiring the views of the Committee thereon.

The Committee in their reply dated 25th July stated that the rate of premium proposed by Government, viz., $\frac{1}{8}$ per cent per month, was excessive in view of the fact that the extent of the risk in this country of any loss or damage by enemy action was limited. They therefore suggested that the rate of premium should be fixed, to start with, at 1/32 per cent per month, and that the same should be reduced further after examining the working of the scheme. The Committee urged that the rate should be reasonable in view of the compulsory nature of the scheme beyond prescribed limits. The Government ultimately accepted the rate of 1|32 per cent.

War risk insurance for petrol and fuel oil.

It was brought to the notice of the Committee that 'Mineral Oils' of all description formed an item of the schedule of articles which were not insurable for purposes of war risk insurance scheme recently brought into force by the Government of India. The Committee in their letter dated 25th November addressed to Government stated that petrol and fuel oil were goods of a highly inflammable character and therefore, they should not have been exempted from the compulsory insurance. They pointed out that one of the objectives of enemy attack was invariably the petrol and fuel oil depots and therefore it was urgent from the point of view of the country's defence that these fuel oils should have been covered under the war risk insurance scheme. They requested Government to protect the stocks of mineral oil of all descriptions from enemy action by bringing them within the scope of the War Risk Insurance Scheme in India. The two foreign companies engaged in the distribution of petrol and fuel oil, it was understood, had their own arrangements for protection of their stocks. But the one Indian company also engaged in this business with limited resources was not in a position to cover its own stocks by private arrangement and therefore it was necessary that Government should consider the inclusion of mineral oils of all descriptions in the war risk insurance scheme.

War risk insurance on china clay.

The Committee were informed that as china clay was a non-inflammable article the same should have been included in the schedule of articles which were not insurable for purposes of war risk insurance scheme announced by the Government of India in their notification dated 26th August 1940. The Committee thereupon addressed Government on 14th November drawing their attention to the non-likelihood of any damage to the stocks of china clay by enemy action or any risks incidental to war and urged that the clay should be included in the schedule above referred to and exempt same from compulsory insurance. Government in their reply informed the Committee that china clay had been exempted from the operation of the Act by a Government notification.

Rate of premium for rain and fresh water risks.

The Committee in their communication dated 7th September drawing the attention of the Bombay Underwriters' Association to the increase in the rate of premium for insurance for rain and fresh water risks from 1 anna to 4 annas per cent, and stated that such an increase was not justifiable in view of the loss of experience with regard to this type of risk. They requested that the original level of premium should be restored. The Bombay Underwriters' Association in their reply dated 17th September agreed to allow a rate of 3 annas per cent to cover the said risks in future.

Insurance rates for private-owned godowns.

The Committee were informed that while recently a reduction of 20% was made in respect of rates of premium for insurance of godowns belonging to the Bombay Port Trust, the rates for private-owned godowns were not allowed any reduction. The Committee thereupon addressed on the 21st February the Bombay Fire Insurance Association referring to their previous correspondence with the Association in 1934 on the subject and welcoming their decision to reduce the rates for Port Trust godowns. They however, stated that similar reduction should have been granted to private-owned

godowns also, as the basic rates for such godowns were already higher than those for Port Trust godowns and therefore the disparity in rates arising out of the reduction given to the latter would be very much unjustified in respect of the private-owned godowns. In view of the reduction in expenditure incurred by the Insurance Companies in procuring business resulting from the non-payment of rebates under the new Insurance Act, the Committee urged that the insurance companies should share this saving with the public and should not deny this benefit to a section of the insuring public.

The Bombay Fire Insurance Association in their reply dated 12th March regretted that in the light of experience in respect of the private-owned godowns, no reduction in the rates was possible for these godowns without sprinkler protection.

Town Duty Refund Rules.

The Committee in their letter dated 6th March addressed to the Municipal Commissioner, Bombay, supported the merchants' representation to the Commissioner desiring relief from unwarranted rejection of their legitimate claims for refund of Town Duty under Town Duty Refund Rules. They stated that they were since long in correspondence on the subject with the Commissioner and were responsible for bringing before him an amendment by a resolution passed by the Municipal Corporation to the effect that *bona fide* clerical or arithmetical errors in any of the documents would not be deemed to be material discrepancy for the purpose of refund of Town Duty. They pointed out that the said amendment could not be sanctioned by Government for technical reasons and urged the Commissioner to take the initiative himself and suggest the amendment of the rules for sanction by Government.

III. TRADE, INDUSTRIAL AND LABOUR LEGISLATION.

Provisions of the Indian Companies Act, 1936, regarding reduction of capital.

At the instance of a member the Committee addressed the Government of India on 25th November drawing their attention to Section 58 of the Indian Companies Act, 1936, whereunder consent of every creditor was required before a company was entitled to reduce its share capital and stating that the said section created practical difficulties in the way of certain classes of companies desiring to reduce their capital. As an instance in point, in the case of insurance companies every policyholder would be a contingent creditor and there being a large number of such policyholders it was almost impracticable to obtain their consent for the reduction of capital in regard to such companies. It would not be possible in such cases to reach every such creditor and obtain his definite consent for the purpose in view. Such difficulties would arise in cases of companies that had issued bearer debentures also. The Committee were aware that under Section 59 such consent could be dispensed with if sufficient deposit was offered to cover the debts in question, but this required locking up of a large sum which was not advisable and it was also not practicable in case of insurance companies whose liabilities were contingent, the exact amount of which could not be easily ascertained. It was suggested with a view to removing this difficulty, to modify the section in accordance with the English Act whereunder the Court had discretion to waive such consent in regard to any class or classes of creditors. The Committee also pointed out another difficulty under Section 57 of the Indian Companies Act which required the companies reducing their capital to add the words "and reduced" after their names. With regard to this difficulty also it was suggested that an amendment should be made according to the English Act whereby the Court had discretion to order the use of the words "and reduced" after the name of the company if it thought proper to do so.

Insurance business carried by trade unions.

The Government of Bombay by their letter dated 6th October, invited the views of the Committee on the proposal to control insurance business carried on by trade unions. Under Section 118 of the Indian Insurance Act, trade unions were exempt from the provisions of the Act, and therefore, such business of trade unions was not subject to any supervision or control.

The Committee in their reply dated 26th October stated that they were agreeable to the suggestion that life insurance business transacted by trade unions should be subject to supervision of the Government of India by the application of the provisions of the Indian Insurance Act, although they were of opinion that having regard to the limited resources of trade unions, all the provisions of the Act governing Life Insurance business could not be applied to them and that certain modifications in the provisions of the Act should be made in respect of such business carried on by trade unions. They suggested that trade unions should be allowed to do only such type of business as was allowed to be transacted by Provident Societies under Part III of the Act.

Sickness Insurance.

The Commissioner of Labour, Bombay by his letter of 14th June 1940, forwarded a copy of a letter received from the Government of India dated 16th May 1940, regarding the above subject, and desired the views of the Committee thereon. The Government of India's letter referred to the discussions on the subject which took place at the first conference of Labour ministers held in January last, and stated that the sickness insurance for workers was necessary to enable them to secure maintenance in times of illness. Government desired to ascertain in this connection the views of the Associations of employers and workers as to whether the principle of compulsory contributions to sickness insurance funds was acceptable or not. The Committee in their reply dated 28th June 1940, stated that in view of the prevailing unsettled conditions

due to war, consideration of such long-range questions should be deferred till normal conditions were restored.

Drugs Bill.

The Committee addressed the Government of India on the 13th March 1940 giving their views on the Drugs Bill as presented in the Central Legislature, a brief summary of which is as under :

The Committee supported the principle of the present Bill which sought to regulate import as well as the manufacture, distribution and sale of drugs. This Bill however had ignored many important aspects of such legislation which were brought to the notice of Government in the past by the trades and spirit and pharmaceutical industries. The Bill should have incorporated the principle of uniformity of drug control rules in the provinces in which connection the Indian Industries Conference convened by Government had already formulated certain necessary provisions for uniform excise rules and regulations in the provinces as also for the removal of inter-provincial barriers which have greatly handicapped the development of drug industry in the country. Under this Bill the Provinces may fix different standards for drugs prepared in their respective areas. This would frustrate the object of the Bill and might lead to a diversity of standards so very fatal to drug control which was sought to be established. The Indian States should have been brought under the operation of this Bill whereby the manufacture of drugs in the States could be controlled on a uniform basis and under one legislative Act. The Committee also gave their views on some of the important clauses of the Bill.

Export cess on myrabolams under the Agricultural Produce Cess Act, 1940.

It was brought to the notice of the Committee that an export cess of half a per cent was being levied on exports of myrabolams from the country under the provisions of the Agricultural Produce Cess Act, 1940, even though myrabolams

were not included in the schedule of the articles liable to the levy of the cess. It was presumed that this cess was being levied on the assumption that myrabolams could be classed under drugs, which was one of the items in the schedule. The Committee in this connection, addressed the Collector of Customs, Bombay, on 10th May 1940 pointing out that if the cess was being levied on the assumption that myrabolams were a sort of drug, such an assumption was not correct as they were chiefly used as a tanning material. The Committee requested the Collector to get myrabolams excluded from the levy.

The Committee in this connection also addressed the Government of India on 16th May 1940 drawing their attention to the hasty passage of the Agricultural Produce Cess Act through the Legislature without consulting public opinion on the desirability of such a cess on agricultural produce, which formed the main item of the country's exports. It was pointed out that, thus, the export of produce was being made more difficult at a time when other countries were following a policy of stimulating their exports. They also doubted the wisdom of making the exports of country's produce pay for the expenditure incurred for the activities of the Imperial Council of Agricultural Research by levying such a cess. It was maintained that the expenses of the Imperial Council of Agricultural Research should have been met from the general revenues as hitherto done. Government were urged to reconsider the question and abolish the cess.

The Government of India in their reply dated 30th May referred to the debates on the subject in the Central Legislature and stated that there was no reason why the Act should be repealed so soon after its enactment.

Agricultural Produce (Grading and Marking) Act, 1937 — inclusion of wheat in the schedule.

The Agricultural Marketing Adviser in his letter dated 26th November 1940, referred the proposal for the inclusion of wheat in the Schedule of the Act for grading and marking and desired the opinion of the Committee on the same.

The Committee in their reply dated 10th December approved of the proposal.

Draft Rules under the Motor Vehicles Act, 1939.

The Government of Bombay by their letter dated 5th March desired the views of the Committee regarding the draft rules framed under the Motor Vehicles Act, 1939, to which the Committee replied on 18th March giving a detailed statement of views thereon.

Amendment of the Bombay Motor Vehicles Rules, 1940.

The Government of Bombay in their communication dated 27th September 1940, forwarded a copy of the Government Notification dated 23rd September regarding certain draft amendments to the Bombay Motor Vehicles Rules, 1940 and desired the views of the Committee on the same. The Committee in their reply dated 16th October took objection to the amendments regarding Rules 27 and 58.

Rule 27—This Rule permits to assign a registered laden weight less than the maximum permissible *if the owners so desired*. The amendment sought to delete the words in italics and gave power to the authority to assign a registered laden weight less than the maximum permissible. The Committee were of opinion that the registered laden weight should not be less than the maximum permissible.

Rule 58—This Rule prescribed a fee of Rs. 10 for the grant of a permit, while there was no separate fee payable for Part B of the permit. It was proposed under the amendment to charge a fee of Rs. 5 for the issue of renewal of every copy of Part B of the permit, which the Committee opposed.

Amendments to the Rules of the Native Share and Stock Brokers' Association.

The Government of Bombay invited the views of the Committee on 5th July on certain amendments to the Rules of the Native Share and Stock Brokers' Association. The

amendments related to the question of fixation of minimum prices, etc. As the changes were understood to be temporarily necessitated on account of developments in the share market due to war circumstances, the Committee in their reply dated 26th July informed Government that they had no objection to Government sanctioning such amendments for the time being to the Rules of the Stock Exchange, as they might consider necessary and proper to tide over the present crisis. They stated that the amendments should, however, automatically lapse after a specified period.

In reply to a communication from the Government of Bombay dated 5th July forwarding a copy of the Government Notification of the same date regarding amendments proposed in the rules of the Native Share and Stock Brokers' Association, the Committee addressed Government on the 15th August as under :—

Rule 7 (a).—The amendment proposed sought to lift the ban on other business or occupations as far as insurance brokers and agents were concerned. The Committee reiterated their previous views on the question and opposed the grant of piecemeal exemptions under the proposed amendment.

Rule 90 (a) (6) (i).—The amendment proposed sought to give power to suspend transactions in any specified securities without actually closing the market. The Committee were opposed to such suspension except when the Board of the Association had reason to believe that there was any serious matter connected with the internal administration of the company concerned.

Rule 90 (a) (i).—The Committee agreed to the amendment giving power to the President to close the market for two working days provided Government were satisfied that there was necessity for such closing.

Rule 140 (a).—The Committee were of opinion that minimum conditions governing re-admission of defaulters should exist and should be embodied in the rules. They were

also agreeable to the Board having powers to prescribe additional conditions in cases in which they considered the same necessary. The Committee suggested that such additional conditions to be imposed at the option of the Board should be embodied in the rules.

In reply to a further communication dated 2nd September 1940 from the Government of Bombay with regard to certain proposed amendments to the rules of the Native Share and Stock Brokers' Association the Committee on 19th September stated as under :—

Under rule 298 (*f*) in a case where a client failed to pay the difference between the contract price and the making up price, a broker could not close his transactions at the actual market price until the market reopened for forward delivery. The amendment in question sought to allow a broker under such circumstances to close the transactions of a defaulting client forthwith. The Committee in this connection pointed out that the said rule was connected with rule 253 (*b*) whereunder a broker was authorised to close an account of a client, who failed to make payment on pay day. There was a further corresponding rule, viz. 253 (*c*) which similarly authorised a constituent to close the account of a broker who failed to pay the difference due to him following the settlement day. The amendment proposed was, in the opinion of the Committee, desirable as it formed counterpart of rule 253 (*b*). With a view to place both the broker and the client in a position of similarity they suggested the inclusion of a new rule 298 (*g*) as counterpart to rule 253 (*c*) whereby the customer's right would also be safeguarded. They suggested that under rule 253 (*b*) a broker should also be required to give notice before closing the transactions of the defaulting client as was provided under rule 253 (*c*).

Legislation to validate principal's contracts.

In reply to the letter dated 1st May 1940 from the Government of Bombay desiring the views of the Committee on the question of legislation to validate principal's contracts

urged by the Native Share and Stock Brokers' Association, the Committee in their communication dated 9th July 1940 stated that they were opposed to the idea of allowing members of the Association to issue principal's contracts. They were, however, of opinion that such contracts should be allowed to be issued in respect of budli transactions entered into by the members of the Exchange where they employed their own resources as well as in case of transactions between the Members of the Exchange in Bombay and the members of other organised exchanges outside the Bombay Province when closed on the telephone.

Revised Indian Merchant Shipping. (Life Saving Appliances) Rules, 1934.

The Principal Officer, Mercantile Marine Department, Bombay, in his letter dated 18th May 1940 desired the views of the Committee on the Revised Indian Merchant Shipping Rules, 1934, published in the Government Notification dated 13th April 1940. The Committee in their reply dated 30th May 1940, stated that they were in general agreement with the provisions of the proposed draft rules. They however suggested that any exemptions granted under the Life Saving Appliances Rules, 1934, should be continued. In view of the absence in India of any shore stations equipped to receive line throwing appliances, it was suggested that home trade cargo ships should not be required to provide for line throwing appliances. It was added that such provision was not required in the old rules. The Committee suggested that the enforcement of the proposed rules should be postponed during the period of the war as the same would involve extra expenditure.

Constitution of an Advisory Committee under the Trade Marks Act.

The Deputy Registrar of Trade Marks, Bombay, in his letter dated 28th October 1940 addressed to the Committee enclosed a copy of the letter from the Bombay Millowners' Association regarding constitution of an Advisory Committee

to be set up under Section 66 of the Trade Marks Act, 1940 and desired the views of the Committee on the subject. The Committee in their reply dated 22nd November desired that there should be only one Advisory Committee for the whole of India to be located in Bombay which would facilitate expeditious and smooth working. Over and above the representation to be granted on the Advisory Committee to textile interests from the province of Bombay, they suggested that one seat each should be allotted on the Committee to interests from other important textile centres such as Bengal, Madras, Punjab, U. P. and C. P. They also suggested that yarn, silk and woollen interests should also be represented on the Committee as these were branches of the textile trade and therefore should be included under the definition of textile goods. They were of opinion that representation on the Advisory Committee should be through commercial and trade associations. As the Indian Merchants' Chamber represented various branches of the textile trade, including manufacture, trade, import, etc., they should be given not less than two seats on the Advisory Committee.

Bombay Shops and Establishments Rules, 1940

On 11th May 1940, the Committee addressed the Government of Bombay giving them their views on the Bombay Shops and Establishments Rules published in the Government Notification dated 23rd April 1940 to which the attention of the Committee was drawn by the Commissioner of Labour. It was stated that this legislation was passed in normal times and in view of the war developments the regulation of hours was not desirable in the changed circumstances. They stated that their previous suggestions regarding the exemption of shops and commercial establishments from the application of the act had been ignored in a large measure and that the present rules should incorporate them at least during the period of war. For instance, owing to the disorganisation of the sea transport services, the lifting and unloading of cargoes in the docks had to be adjusted to the unscheduled arrival and departures of ships which involved work not based on uniform hours. Therefore the commercial staffs which were

not exclusively engaged in transport work had also to work at unseasonable hours not amenable to the Rules proposed. The exemption provided under *force majeure* was difficult to be applied in view of transference of war work from agency to agency which would make it difficult for Inspectors to judge correctly as to whom such exemption should apply. The various markets were liable to be disturbed due to sudden war developments and work would have to be carried on beyond normal hours. It was emphasised that the enforcement of the provisions of the Act at the present time was bound to act as a hardship to business, and it was urged to defer the application of the Act at the present juncture particularly the provisions relating to shops and commercial establishments.

In this connection a deputation from the Chamber waited on Sir Gilbert Wiles, Chief Adviser to His Excellency the Governor, on 27th June 1940.

Government however decided to enforce the Shops Act from 15th November 1940 and revised draft rules were published on 25th September.

The Committee in their communication dated 2nd October 1940 addressed to the Commissioner of Labour, Bombay, gave their opinion on the said draft rules, a brief summary of which is given below :

The Committee were of opinion that enforcement of the Bombay Shops and Establishments Act, 1939, at the present time was inopportune having regard to the fact that the said Act was considered in normal times and that therefore Government would be well advised to postpone the application of the Act in view of the changed conditions due to war. They stated that the normal course of trade had been disorganised in these uncertain war conditions and that the regulation of working hours intended for normal periods would work adversely in such times of stress and trouble. They regretted that their previous suggestion of excluding commercial establishment from the scope of such regulation had not been accepted. They suggested in respect of commercial establish-

ments, that over and above the normal hours stipulated in the Act, extended hours of work should be permissible to the extent of 60 hours per month, on payment of overtime with the necessary provision for the spread over from 12 hours to 15 hours per day. It was necessary that a period of three months instead of one month should be allowed for receiving objections and suggestions from the public concerned with regard to notice from Government for purposes of passing orders for fixing opening and closing hours of shops. They particularly emphasised that the spread over of extended periods of work on account of stock-taking, etc., should be allowed to enable banks and such establishments to close their accounts. Maintenance of registers and records and display of notices by shops required under the rules would prove a hardship to small traders. It was suggested that maintenance of ordinary records of attendance should be considered sufficient.

Abolition of Property Tax and Sales Tax.

In view of the recent modification in the prohibition policy of the Government of Bombay, the Committee addressed Government on the 6th of August 1940 suggesting reduction or abolition of the special taxes introduced last year particularly Property Tax and the Sales Tax. It was urged in this connection that there should be a substantial reduction in the Property Tax as the same had proved a heavy burden on the property owners and had reacted very unfavourably on the building activities of the city. With regard to the Sales Tax Act they pointed out that the only commodity selected by Government to be taxed under the Act was petrol as it was not possible for them to collect tax on other commodities mentioned under the schedule in the Act. This was a manifest injustice towards the motor transport in the country which was already highly taxed. It was, therefore, urged that the Sales Tax Act should be abolished in the interest of the motor transport industry.

Bombay Lift Rules, 1940.

The Bombay Electric Supply and Tramways Co., Ltd., represented to the Committee that the Government of

Bombay had promulgated the Bombay Lift Rules, 1940 without consulting commercial opinion or the parties concerned and that they were likely to interfere with the normal manufacturing practices. The Committee thereupon addressed Government on the 8th July 1940 stating that the said rules should have been previously circulated for eliciting public and commercial opinion on the same. They informed Government that the rules were being considered by them and that in the meanwhile, it would be appreciated if the period of two months allowed under Rule 5 for the purpose of applying for a licence for the working of the lift by the lift owners, was extended to at least six months. Government however, did not see their way to relax the rule in question. The Committee in their final communication dated 20th July to Government on the subject again reminded them that Rule 5 should be relaxed in the interest of the lift owners as the period of two months allowed under the rule was not enough to comply with the requirements under the said rule. It was suggested that rules involving additional expenditure should not be enforced in case of existing lifts. The Committee also made suggestions regarding changes required in the rules from technical and other aspects.

Exemption under the Bombay Weights and Measures Act.

At the instance of a member of the Committee, the Committee addressed the Government of Bombay on 21st February referring to Government notification dated 19th December 1939 announcing proposed exemption of certain classes of weights and measures or weighing or measuring instruments from the provisions of certain sections of the Bombay Weights and Measures Act, 1932. They welcomed the proposal, whereby, weights or measures used merely for departmental or internal purposes would be exempted under the Act. They, however, suggested for purposes of clarity, that not only the weights and weighing instruments used for estimating postage and freight payable on letters and parcels should be exempted, but that such exemption should also apply to weights and measures used in factories for internal purposes

IV. GENERAL TRADE AND INDUSTRY.

Interview with the Hon'ble the Commerce Member, Government of India.

The Committee had an interview with the Hon'ble the Commerce Member on 27th July 1940, when the following questions were discussed :—

1. Shipping—(*a*) Policy of requisitioning ships ;
   (*b*) Payment of compensation for ships requisitioned.
2. War Risk Insurance.
3. Export trade, and finding out new markets.
4. Difficulties in getting shipping freight.
5. Fiscal Policy.
6. Publication of Trade Statistics.
7. Industry and Research.
8. Slump in Commodities and Credit Facilities.

Interview with Mr. N. R. Pillai, Joint Secretary, Commerce Department, Government of India.

The War Purposes Sub-Committee of the Chamber met Mr. N. R. Pillai, C.I.E., C.B.E., Joint Secretary to the Government of India, Department of Commerce, on the 24th April 1940 and discussed with him questions connected with the export trade of the country arising out of the war such as the establishment of an Export Advisory Board, restrictions on exports to neutral countries and safeguards for securing a fair price for commodities subject to control.

Interview with the Indian Government Trade Commissioner (designate) in Japan.

The Committee had an interview with Mr. E. S. Krishnamurthi, Indian Government Trade Commissioner (designate) in Japan on 16th August 1940 when informal discussions took place regarding various matters affecting Indo-Japanese Trade.

Slump in commodity prices.

On representations made to the Committee regarding the nervous state of commodity and other markets due to a variety of causes attributable to war developments, the Committee addressed the Government of India on 5th July 1940, drawing their attention to the difficulties experienced by merchants as the result of accumulation of stocks, lack of shipping space, loss of foreign market and lack of credit facilities. The commercial banks had started to restrict credit facilities and begun to ask for additional margins or advances on stocks. Consequently the merchants were obliged to sell their stocks at uneconomic prices. It was suggested that the Reserve Bank should come to the aid of scheduled Banks and help them with liberal credits and rediscount facilities with a view to ease the present situation. The Committee drew attention to certain technical difficulties regarding the interpretation of provisions of the Reserve Bank Act governing business which the Bank was permitted to transact, and urged Government to remove such difficulties with the object of making the Bank useful to the commercial public in times of emergency. They suggested that Government should fix minimum lending rates of the various commodities and that the Reserve Bank should be able to advance freely up to such minimum rates through the Scheduled Banks. It was urged that Government should take immediate action by expanding credit facilities to the mercantile community.

Slump in prices of Indian linseed.

It will be observed that as a result of the various restrictions placed on Indian export trade by Government, the prices of many varieties of Indian produce had suffered a decline. The position had been aggravated by the non-provision of alternative markets for Indian produce much of which was meant for export. In view of the adverse effects experienced by the Indian export trade due to war restrictions, the Committee addressed the Government of India on 19th March on the subject and referred to the slump in price of Indian linseed as an instance in point, which declined by

40 per cent from the top, even though the price of American linseed had remained stable. It was also pointed out that the U. K. purchaser had taken advantage of the situation and was offering lower prices for Indian produce. The Committee urged that under the circumstances, increased tonnage for linseed and other such produce should be made available and that export restrictions wherever possible should be modified.

Surplus production of commodities in India.

The Government of India in their letter dated 1st October 1940 enclosed a copy of an extract from the Hon'ble the Commerce Member's speech at the meeting of the Export Advisory Council held in Bombay regarding the problem of surplus production of commodities in India and desired the views of the Committee on the same. The subject matter of the communication referred to the question of surplus production of some of the raw commodities in the country and the means to be taken to solve the problem connected therewith. The Committee, in their reply dated 21st November gave their views on the question a summary of which is as under :—

With regard to the curtailing of the acreage of production either by allowing some portions of the land to lie fallow or substitution of growing alternative crops for internal consumption, the Committee were of opinion that if it was possible to grow a substitute cash crop which was easily marketable, they were not opposed to such substitution. They, however, pointed out that if any curtailment of crop with a view to avoid overproduction should lead to a reduction in the arable land, the farmer would be heavily penalised. They also feared that allowing of lands to lie fallow would create agricultural unemployment and therefore they were definitely opposed to such a suggestion.

With regard to the Hon'ble Member's suggestion of withdrawing certain quantities of crop from internal consumption and storing the surplus for disposal at a future time, the Committee welcomed the proposal if adequate facilities were

forthcoming from Government for storage of same in the shape of elevators, silos, etc. In this connection, the Committee suggested that Government should give loans without recourse against commodities that were amenable to storage for future use.

With regard to surplus stocks organisation of a Commercial Corporation for the purpose of looking after the storage, finance, purchase and sale and export, etc., of surplus products was also suggested. The constitution of such a Corporation, they stated, should be evolved after consultation with commercial interests and any loss resultant therefrom should be shared by His Majesty's Government and the Government of India. With a view to stimulate the use of indigenous raw products, the Committee were of opinion that Government should encourage and support the development of existing industries which could use in a large measure the country's produce. They also considered it to be the duty of Government to stimulate exports of Indian manufactured goods which would help in disposing of surplus commodities. The provision of adequate shipping freight was also necessary if export trade was to be developed. It was suggested that Government should call a conference of representatives of the various commercial organisations interested in this question and formulate lines of such action as would solve the question of disposing of the surplus commodities that were now a burden on the market.

Information regarding India's productive capacity.

The Government of India by their letter dated 5th September, requested the Committee to supply information regarding India's potentialities for manufacturing goods that were previously imported from foreign countries but which were not available owing to war conditions. They also desired to know the surplus capacity of such industries. They added that this information was desired in connection with the Eastern Group Conference to be held in November.

The Committee in their reply dated 18th October, pointed out that such information as desired was not easily available

to the commercial community as was possible to Government. They added that it was one of the grievances of the commercial public in this country that sufficient information regarding such statistics was not made available to them by Government. They therefore regretted that it was not possible for them to collect such information as desired.

Eastern Group Conference.

The Committee, in their communication dated 28th November, addressed to the Government of India drew the attention of Government to certain aspects of the Eastern Group Conference held recently at New Delhi. They protested strongly against the appointment of certain Indian businessmen as Advisers who were nominated in their individual capacity and not as representatives of particular commercial organisations. These Advisers, they stated, were not entrusted with any responsible work either on the Committee or on the Sub-Committees and regretted that even before the Plenary Session of the Conference was held, to consider the various reports of the Sub-Committees, these Advisers were dispensed with. This action of Government had deprived the Indian commercial and industrial opinion to have any say with regard to the final conclusions of the Conference. Under the circumstances, the Committee feared that the final decisions of the Conference would leave Indian opinion and Indian effort out of the picture thereby giving free rein to the foreign delegations in the matter of exploitation of India's potentialities. The Committee referred to a current report about an observation made at one of the meetings of the Sub-Committees that naval construction and aircraft manufacture would not be taken up by India as such needs of India could be supplied by other parts of the Empire. They strongly protested against this attitude of the Conference and urged Government that any decisions arrived at by this Conference should not stand in the way of India being at liberty to develop industries of national importance. It was likely that the decisions of this Conference would help to establish in this country industrial undertakings controlled and managed

by foreign capital which, in the opinion of the Committee, was highly detrimental to the development of Indian industries. The Committee requested that elected representatives of the Indian commercial community should be included on the Standing Advisory Committee of the Conference which was going to be appointed to carry on the work of the Eastern Group Conference.

Prohibition of imports of goods from 23 countries.

The Committee addressed the Government of India on 6th March drawing their attention to a notification published in the Gazette of India dated 10th February, viz., that with effect from 10th March importation into India of all goods consigned from any country specified in the said notification was prohibited unless accompanied by certificates of origin and interest in the form prescribed. The Committee in this connection felt that the period of one month allowed under the notification was too short for merchants to inform their constituents in many of the prohibited countries about the requirements of this notification and suggested to extend the period by one month.

Import trade control (Import Advisory Council).

In a communication dated the 22nd June 1940, addressed to the Government of India, the Committee referred to Government notification of the 25th May 1940, announcing the introduction of a scheme of restrictions on imports in India of several articles. While admitting the desirability of some measure of control over imports, they felt that steps should be taken to ensure that the scheme would be enforced in a manner whereby least difficulty would be caused to the different industries by the administration thereof. They therefore suggested the appointment of an Import Advisory Council on the lines of the Export Advisory Council recently formed by Government, whose advice would be found useful in respect of matters arising out of the restriction scheme under reference. It was suggested that Government with the advice and help of such a body would be better able to find ways and

means to induce indigenous production of articles contained in the restriction scheme.

Government in their reply dated 4th July stated that under the circumstances the appointment of such an Advisory body would be premature as the scheme had not been sufficiently worked. They were of opinion that such a Council was not competent to advise in the matter regarding indigenous production of the articles on the control list. It was stated that an organisation of industrialists would be able to advise on such matters.

The Committee in their reply dated 24th August 1940 reiterated that the working of the scheme would be greatly facilitated by the association of an Import Advisory Council as such a body would be in a position to give Government "a clearer view of the nature of the problems involved" and would help to minimise the inconveniences to trade and industry which would be experienced as a result of the restrictions involved in the scheme. They stated that in their previous communication they did not suggest that the personnel of the Council should be confined to representatives of importers. What they had in view was the presence also of representatives of industries on the Council, whose assistance would be helpful to Government in working the scheme as well as in suggesting ways and means by which indigenous production of articles on the control list could be encouraged. It was urged that the appointment of such a Council was necessary in the interests of trade under the restrictions involved in the scheme.

Import trade control—difficulties under.

The Committee addressed on 30th July 1940, the Government of India supporting representations made by the Buyers and Shippers Chamber, Karachi, to Government regarding difficulties experienced in the matter of restrictions imposed by the import trade control scheme. In view of the difficulties of obtaining freight, it was suggested that the procedure of limiting the period of licences to two months should be extended to one year, whereby sufficient latitude would be

given to the importer for obtaining shipments. The Committee drew the attention of Government to the conflicting nature of the requirement under the Control scheme. Exporters before finally accepting Indian orders, demanded credit to be opened in the country of export concerned. The Reserve Bank of India would, under the Exchange Control scheme, open the required credits only after satisfying themselves that permission to import had been granted under the Control scheme. The Import Controller would insist on the production of contracts to import before granting licences. Under the circumstances, the Committee stated that it was not possible to submit contracts while applying for licences, and the question of opening credit was important as without it the contracts would not be completed. The Committee urged Government to consider these practical difficulties of the importers and to get them removed.

The Government of India in their reply dated 13th August stated with regard to confirmation of indents being accepted for the purpose of issuing licences that the matter was under consideration. With regard to the issue of general licences for goods ordered before 20th May 1940 they informed the Committee that if such open general licence was issued as suggested, the responsibility of checking the genuineness of orders would be transferred from the Import Trade Controller to the Custom House which was not desirable. They gave an assurance that the Import Trade Controllers would give preference to goods ordered before 15th May 1940. In the matter of replacement certificate they stated that a revised open general licence No. 1 was being published in the Gazette of India which would allow application for a replacement certificate to be made by the exporter or by the original importer. With regard to the suggestion of the Committee for the licences for quotas for a full year, they were not agreeable.

Import of leather scraps.

At the instance of an Import Firm doing business in Surat, the Committee addressed the Import Trade Controller,

Bombay, on 27th November, in respect of a licence for the import of leather scraps from America required by the firm in question. The firm had entered into a contract for the import of leather scraps before the 15th May 1940 according to which shipment was to be made in two parts. The first part was duly permitted and imported. The firm in question could not, however, obtain licence from the Government of India, to import the second part of the shipment, which was unfair to the firm in view of the import restriction scheme announced on 20th May 1940 whereby the restrictions in question were to apply only to goods which were not the subject of a firm contract entered into before the 15th May 1940. The Committee urged that licence required for the second part of the shipment should be granted to the company as their contract had been entered into before 15th May 1940. The Import Trade Controller in his reply stated that as there was total embargo, on the article, permission could not be given to import the same.

Import restriction scheme and quota for rubber goods from Japan.

The Committee in their letter dated 11th December, addressed the Government of India drawing their attention to the import trade control scheme introduced on 20th May 1940, wherein it was announced that applications for necessary licence for goods already under order on that date would receive prior preference. They pointed out in this connection, that a subsequent notification was issued by the Government of India whereby it was decided that such preference would not be granted and that previous contracts were also to be adjusted against an applicant's quota for a period of 12 months. They referred to the case of Messrs. T. M. Thakore & Co., Bombay, in this connection, who had obtained 2 licences for the import of rubber goods from Japan on the basis of which a part of the shipment had already arrived and were cleared before 15th September. Subsequently, Government's decision to withhold any preference for contracts entered into before 20th May was announced. The result was that the remaining

part of the contract of the company could not be fulfilled and the goods in question had been awaiting shipment from Japan the licences for the import of which could not be obtained under the Government's subsequent decision, as the Company in question were indentors and there could be no previous quota on their credit and the consignment in question could not be adjusted to quota requirements. The Committee urged that as the goods were ordered out before 15th May and licences were previously obtained for the same, Government should take their case into consideration and allow them to import the remaining part of their contract.

Delay in receipt of quota certificates

The Committee in their communication dated 11th December addressed the Senior Censor, Bombay, drawing his attention to a complaint received from some of the members that the documents covering shipments from Japan were received by their Bankers in Bombay abnormally late. In certain instances, duplicate documents without quota certificates were received four to six week after the arrival of the steamers. It was pointed out that in the absence of the quota certificates it was not possible for the merchants to clear the goods from the Docks and as a result they were liable for heavy demurrage. The Committee enquired whether this delay was on account of the documents being examined in the Censor's Office at Bombay and Calcutta and if so, whether steps would be taken to expedite examination of such documents in the interests of trade. In reply, the censor informed the Committee that there was not any avoidable or abnormal delay caused in the process of censoring and that he would be prepared to investigate fully specific cases of delay brought to his notice.

They also referred this matter to the Japan Cotton Spinners' Association, Bombay, in their letter dated 11th December and drew their attention to the difficulties caused to the merchants in the absence of quota certificates in the matter of clearance of goods from the Docks and suggested that they should address their Head Office in Japan, that they should

issue duplicate quota certificates with instructions to the shippers to hand over the original to the Banks along with the documents and the duplicate copy should be sent by air mail along with the invoice by the shippers to importers directly in the interest of trade. In reply the Committee were informed that, while the suggestion about the simultaneous supply of duplicate certificate was not possible, in cases where such certificates were delayed in transit confirmation by cable about the same will be obtained by the Association, if the importers concerned were prepared to bear the cost of such cables.

Restriction on import of cashewnuts from Portuguese East Africa.

The Committee in their communication to the Government of India dated 18th July 1940 referred to the notification of the Commerce Department dated 20th May announcing a system of control by licences for the import of articles covering 68 items in the tariff schedule. Under Item 2 of the schedule specifying fruits of all sorts, fresh and dried, etc., cashewnuts came to be included, as a result of which imports of the same into British India from many countries outside the Empire was prohibited, except under licence.

The Committee in this connection pointed out that Indian trade in cashewnuts would be hard hit by restriction on imports of the said nuts as a large quantity of the nuts were imported from Portuguese East Africa. They stated that these imported nuts were skinned and roasted in this country and were being exported mainly to U. S. A. The result of this import restriction on cashewnuts would be practically to stop the industry engaged in the business and would also deprive the country of Dollar resources which would be made available by the export of the same to America. They suggested that an Open General Licence for cashewnuts should be issued by Government in the interest of the trade.

Government in their reply dated 30th July regretted their inability to issue an Open General Licence for the import of the same as suggested by the Committee. They also stated that there was no total embargo on the import of these nuts and that merchants interested in the trade could apply to the Import Trade Controller for a licence. They assured that the effect of the Import Trade Control scheme on this trade would be watched by Government.

Import of sugar from Netherlands East Indies.

The Committee in their communication dated 16th August addressed to the Government of India referred to their press note dated 1st August announcing the issue of open general licences for importation of sugar from the Netherlands East Indies upto a maximum of 35,000 tons during the current financial year. The Committee regretted that such a decision should have been taken without consulting commercial bodies in the matter. They referred to the difficult situation through which the sugar industry was passing at present and stated that stocks of Indian sugar were mounting up which the industry was not in a position to dispose of. They also referred to the recent attempts to sell and export sugar to U. K. at a reduced price which had resulted in nothing. They urged that the home market under such conditions should be exclusively reserved for indigenous product.

Imports of piecegoods and yarn from China.

The Committee addressed a communication to the Government of India on 24th April urging immediate action in the direction of limiting importation of cotton piecegoods and yarn from Japanese controlled mills in China. They referred to the figures of imports of piecegoods from China, particularly the printed variety, which showed considerable increases in recent months. They also pointed out that as the majority of the cotton mills located in China were under the effective control and management of Japanese interests it was proper to treat the question of the position of imports of yarn and piecegoods from China in relation to the quotas that might

be allowed under the Indo-Japanese Trade Convention and Protocol and suggested that this aspect of the matter should be prominently kept in view in connection with the Indo-Japanese trade negotiations.

Constitution of the Export Advisory Council.

On 22nd May 1940 the Committee sent a telegram to the Government of India protesting against no representation being given to the Chamber on the proposed Export Advisory Council. It was stated that the Chamber was the most representative institution in wsetern India and that a seat should have been provided for the Chamber on the Council.

Representation on the Export Advisory Council.

Mr. Chunilal B. Mehta, President of the Chamber and Mr. Nalini Ranjan Sarkar were elected to represent the Federation of Indian Chambers of Commerce and Industry on the Export Advisory Council appointed by the Government of India.

Exports to neutral countries.

On 2nd April 1940 the Government of India issued orders prohibiting exports of oilseeds such as linseed, castor seed and rape seed from India to neutral countries both in and outside Europe and cancelling licences previously issued permitting such exports. The Committee sent a telegram the same day pointing out the serious consequences that were likely to arise as a result of the decision of Government and suggesting that if such a prohibition was inevitable in the interests of the successful prosecution of the war, Government should, on behalf of His Majesty's Government, purchase at fair prices all Indian stocks of available oilseeds. They followed this up with a detailed representation on 12th April in which they stressed the importance of preserving an adequate export trade during the period of war. They also stressed the importance of avoiding any action which had the effect of artificially depressing Indian prices and suggested that arrange-

ment should be made with His Majesty's Government for securing to Indian merchants a fair price for articles which were being acquired for war purposes. Later on the Government of India announced that they had assurances from His Majesty's Government that the prices paid for oilseeds exported from India would be based on parity of prices prevailing for linseed and rape seed in Argentine and for castor seed in Brazil, due account being taken of the normal premium of Indian prices over such prices.

In this connection, the Committee also welcomed the announcement regarding the proposed appointment of an Export Advisory Council and suggested the constitution of separate bodies for important port centres.

Restrictions on exports of rubber and rubber manufactures to Burma.

It was recorded in the Report of the Committee for the year 1939 that the attention of the Government of India had been drawn to the difficulties experienced by merchants and manufacturers in the matter of exports of rubber and rubber goods from India to Burma by the application of the provisions of the Rubber Restriction Scheme and Rubber Control Act with effect from January 1939.

A reply was received from the Government of India dated 1st April 1940 to the effect that the said restrictions were part of the obligations undertaken by India under the revised Inter-Governmental Rubber Agreement and that the restrictions were in no way contrary to the terms of the Indo-Burma Trade Regulation Order. Government added that the question of restricting or prohibiting imports of unlicenced rubber from Burma into India was being examined.

India's export trade in cotton yarn and piecegoods with Egypt.

In a communication dated the 1st June 1940, addressed to the Government of India, the Committee referred to their previous correspondence in the year 1938 regarding the increases effected by the Egyptian Government in respect of

import duties leviable on cotton piecegoods and yarn and the adverse effect such increases would have on the Indian textile exports to Egypt.

They referred to the export figures for the last two years and stated that the loss in trade with Egypt had been very substantial especially at a time when the need for an adequate market of the textile industry of the country was most urgent. They pointed out the large favourable balance of trade Egypt had *vis-a-vis* India and urged that Government should take up with the Egyptian Government the case of the dwindling Indian textile exports to Egypt, and get the increases in import duties reduced.

Cargo on Italian and German vessels in neutral ports.

The Committee addressed a telegram to the Government of India on 17th June 1940 regarding the goods (already paid for by Indians) aboard Italian vessels as also regarding similar consignments (belonging to Indians) aboard German boats now lying in Goa, and requested that steps should be taken to release such cargoes for the benefit of the public.

The Government of India in their reply dated 19th August stated that arrangements were being made for the recovery of the whole of such cargo by one central body. The Committee in their reply dated 12th September drew the attention of Government to the arrangement whereby the London Chamber of Commerce would negotiate as a central body for the release of the cargo in neutral ports which arrangement could not be carried out fully. They stated that under the circumstances the work of negotiating for the release of such cargo might be entrusted to a central body in this country which might be in the immediate touch with the cargo owners here. They emphasised that such an arrangement should be made with regard particularly to neutral ports in this country like Marmagoa.

Debts due to enemies.

The Committee in their communication dated 3rd September addressed to the Government of India referred to the

decision of Government in the matter of recovery of payments due to enemies and desired to know whether Government had made any arrangements for registering claims due to Indians by enemies. They also desired to know the manner in which such claims would be settled. They requested Government to issue an explanatory note on the subject.

Government in their reply dated 13th November informed the Committee that the claims of Indian nationals against enemies abroad should be registered with the Director-General of Commercial Intelligence and Statistics, Calcutta, in accordance with their press-note dated 30th November 1939.

Claim of Messrs. Swastik Oil Mills, Ltd., re: consignment sent to Hong Kong.

On receiving a representation from the Swastik Oil Mills, Ltd., in the above matter, the Committee addressed the Government of India on 21st September 1940 stating that the company, had shipped to Hong Kong, a consignment of castor oil on account of Messrs. Markt & Co., Hamburg. Subsequently war broke out and as the company could not get the payment of the goods in question, they got into touch with the Commercial Secretary, British Embassy Office, Shanghai, who informed them that the liquidators of the assets of the German Company had realised the sale proceeds of the consignment and passed on the said amount to the Custodian of Enemy Property. The Swastik Oil Mills contended that the ownership of the cargo did not pass to Messrs. Markt & Co., and therefore, the liquidator at Hong Kong was not justified in the action he had taken. The Committee urged Government that the amount of the sale proceeds of the consignment should be remitted to the company in Bombay. Government in their letter dated 13th November regretted that they were not in a position to interfere in the matter. They suggested that the Swastik Oil Mills should register their claim with the Director-General of Commercial Intelligence & Statistics, Calcutta, in accordance with the fress-note of 30th November 1939. In a further communica-

tion it was pointed out by the Committee that the claim in question was not against an enemy subject as assumed by Government, and as such the question of registration with the Director-General did not arise.

Liability for payment of goods not delivered.

Complaints were received by the Committee to the effect that the Custodian of Enemy Property according to a Press Note issued by him was demanding payment in respect of documents covering goods which had not been delivered or which had not arrived in the country. The Committee thereupon addressed the Government of India on 18th July 1940 referring to the Press Note mentioned above and stating that the action of the Custodian of Enemy Property in demanding payment in respect of goods undelivered was untenable. They observed that in normal times such a demand for payment might be justified, but that during the war situation when the normal course of trade had been disturbed, it was neither fair nor equitable to demand in the name of law payment of such claims.

Government in their reply dated 5th August stated that such a demand from the Custodian of Enemy Property was legally correct. They however stated that legal proceedings against those withholding such liabilities would be taken up after ascertaining the facts and circumstances of particular cases and that due regard would be paid by the Custodian of Enemy Property regarding suggestions of the Committee in the matter of adjustment of such claims arising after the conclusion of peace.

The Committee in their reply dated 19th August welcomed the decision of Government to limit the recovery of claims to those cases in respect of which there was no substantial dispute under law or in cases in which if the recovery was not enforced by legal proceedings immediately, the enemies, after peace is concluded, would be left without any legal remedy. They were however of the opinion that the decision would not much help the Indian merchants and

importers concerned. They pointed out that, while the enemy by such a decision would be in a position to recover his claims, the claims of Indian merchants under the circumstances would not be equally protected as in the case of the enemy claims. They stated that if it was necessary to collect claims due from Indian merchants at this stage, Government should hold in deposit the amount of such claims till the goods in question were restored to the merchants; in case the goods had deteriorated by the passage of time such payments should be refunded.

Delivery of consignments on board enemy ships.

The attention of the Committee was drawn by a firm interested in the import of electric meters that their consignment of 20 cases of electric meters was shipped on board S.S. "Gierfels", an enemy ship, destined for Bombay. In the meanwhile, war broke out and the consignors at the other end transhipped the goods in question from the enemy ship which were landed in Bombay in May last. When the firm in question proceeded to take delivery of the said goods, the Controller of Enemy Trading required a delivery permit from the Government of India before the goods could be delivered and that in the absence of such a permit they were informed that the goods would be confiscated as per Government Notification, whereby any goods which formed part of a cargo of an enemy ship which had at any time taken refuge in a neutral port would not be allowed to be imported without a Government permit. The firm had been in communication with the Government of India to secure the necessary permit but they had not received any reply from Government with regard to their request. The Customs authorities also called upon the firm to show cause why action should not be taken against them under the Sea Customs Act for importing prohibited goods. The Committee in this connection in their letter addressed to the Government of India dated 8th October, protested against the treatment meted out to the Indian commercial community in this regard. They pointed out that it was the duty of Government to help them in such cases

and not put difficulties in their way by not only confiscating their goods under such circumstances, but also proceeding to prosecute them. The Committee urged Government that an Advisory Committee of businessmen should be appointed to deal with cases of such hardships due to war conditions and thus offer help instead of hindrance in such cases.

Enemy-owned trade marks and patents.

It was recently announced that trade marks registered and owned by persons who were nationals of countries at present at war with His Majesty's Government would be deemed to be vested in the Controller of Enemy Property.

In this connection the Committee addressed a communication to the Government of India on 8th May 1940 pointing out that it would not be desirable to transfer or assign the rights under such trade marks to third parties within the country. With the general public particular trade marks were associated with either a particular country of origin or a particular standard of quality, and when such trade marks were allowed to be used by third parties, the unwary purchaser, who might not be aware of the change in the ownership of such trade marks, might be led to believe that he was buying goods of the quality and origin which the trade marks in question represented in the past. Such an impression would enable cheaper and second-rate quality goods being palmed off as goods of superior quality and as purporting to be the production of the original manufacturers with whom the trade marks were associated. The Committee, therefore, suggested that in order to prevent any such chances of abuse, the Government of India should not assign or transfer either temporarily or on a permanent basis the rights under any trade marks owned by the subjects of an enemy country.

They also enquired of Government for information as to the exact position in regard to the use of patents which were owned by the enemy.

Publication of import and export statistics.

The Committee in their communication dated 25th July drew the attention of the Central Board of Revenue to the discontinuance of publication of import and export statistics by the Bombay Chamber of Commerce under their instructions. Later on the Chamber were however allowed to resume the publication for the benefit of their members only. The Committee considered this as discretionary as the general public were debarred from obtaining this useful information. They therefore urged that this information should be made available to the non-members also on payment of the usual charges. The Central Board in the reply dated 30th August stated that instructions had been issued to the Collector of Customs, Bombay, to withdraw the restriction regarding the supply of the statistical information by the Bombay Chamber of Commerce.

Government notifications re : trade and commerce under war.

The Commerce Department, Government of India, the Exchange Control Department, Reserve Bank of India and the Import|Export Trade Controllers at the Bombay Port have been issuing, from time to time, notifications dealing with restrictions and other matters affecting trade and commerce. Summaries of some of the important notifications, according to the former arrangement, were being issued to members through the monthly issues of the *Journal* of the Chamber. It was, however, found that such a process involved delay in giving information to members. The Committee, therefore, decided to issue either weekly or fortnightly circulars so that members could keep themselves in touch with the latest notifications and take necessary steps thereon. Since the beginning of July to the end of December, the Committee in all issued eighteen circulars.

Facilities for the public in the Custom House.

As recorded in the Report of the Committee for the year 1939 the Committee had suggested to the Collector of Customs,

Bombay, that the public visiting the Custom House should be given more facilities. The Collector of Customs in his reply dated 4th June 1940 informed the Committee that two writing desks would be provided for the use of the public in the Central Hall of the Custom House and that the installation of a second public telephone booth was being considered by the Telephone Company. In a further communication dated 31st July the Collector stated that the additional telephone connection suggested was not considered necessary.

Non-acknowledgement of letters sent to the Customs.

The Committee addressed on 20th March the Collector of Customs, Bombay, informing him that letters addressed to his department by some of the members were not acknowledged and that these members were informed that " in future no such acknowledgements would be given and no reminders would be entertained." The Committee desired to know if any such instructions had been issued to the staff and if so what were the reasons for such instructions. They added that the courtesy of an acknowledgement was due to the business people and that the customs department should follow the general practice of acknowledging letters addressed to them.

The Collector in his reply dated 13th April 1940 informed the Committee that the usual practice of his Department was to acknowledge the letters received by the Department and requested for any specific cases in which there had been any cause of complaint. The Committee in their reply dated 26th April gave the name of the party from whom the complaint had been made in this regard. The Collector in his communication dated 18th May explained that the omission to send an acknowledgement in the case referred to was due to there being no necessity for an acknowledgement.

Publication of Custom House notifications regarding restriction on export trade.

The Export Trade Controller, Bombay, in his letter dated 24th July 1940 desired the views of the Committee regarding

the proposed publication of a cyclostyled collection of all the notices issued by the Custom House regarding prohibition of export trade. The Committee in their reply dated 7th August approved of the proposal.

All-India conference of industrial interests.

Under the joint auspices of the Employers Federation of India and the All-India Organisation of Industrial Employers a conference of industrialists was held on 8th September in which the Chamber was represented by Mr. M. C. Ghia, M.L.A., Vice-President. Some of the subjects discussed were :—

1. Holidays with pay.
2. Sickness insurance.
3. Prevention and settlement of industrial disputes.
4. Recognition of Trade Unions.
5. Collection of statistics concerning labour and industry, etc.

The Twelfth Industries Conference.

The Committee voted in favour of Lala Padampat Singhania, Cawnpore, as representative of the Federation of Indian Chambers of Commerce and Industry to the 12th Industries Conference held at Lucknow in December.

Industries Conference — Constitution and scope of.

The Committee addressed the Federation of Indian Chambers of Commerce and Industry on 18th September, requesting them to ascertain from the Government of India if it was competent for the Federation or its representatives to bring forward or suggest any new questions or proposals, including questions involving matters of policy, for inclusion in the Agenda of the Industries Conference. They added that the Federation or its representatives should have the right to bring in new items before the Conference if their participation in such Conferences was to be made effective. The Federation in their reply dated 12th October, enclosed a copy of a

letter received by them from the Government of India, wherein it was pointed out that the constitution of the Industries Conference was enlarged last year by the addition of representation of the four important commercial and industrial associations. It was further stated that the Chairman of the Conference would receive any matters of importance within the scope of the Conference which the representatives might bring forward for being placed before the Conference. A copy of the Agenda for the 12th Industries Conference was also enclosed with the Government letter.

The Committee again addressed the Federation on 26th October, stating that after going through the said Agenda, they doubted whether it would be open to the representative of the Federation to take up the question of laying down a well-advised plan of industrialization. They referred to their previous suggestion on the subject and stated that such an item was not included last year as well as this year in the Agenda of the Conference. They were of opinion that if they were precluded from having an item of such an importance on the Agenda, the scope and extent of such a Conference would be seriously curtailed from the point of view of development of commerce and industries. They requested the Federation to approach Government again on this question of allowing such an important item on the Agenda of the Conference, as without it such a Conference would be of no interest to the industrial community.

Agenda for the 12th Industries Conference — Handloom weaving industry.

A reference was made to the Committee by the Federation of Indian Chambers of Commerce and Industry regarding the item relating to the Cotton Textile Industry both in the power form and handloom form on the Agenda of the 12th Industries Conference. The Committee were also aware of a Press Note whereby a Fact-Finding Committee was proposed to be constituted to survey the position of the Handloom industry and all Provincial and State Governments were to be requested to co-operate in this investigation. Thereupon

the Committee addressed Lala Padampat Singhania, representative of the Federation on the 12th Industries Conference suggesting the advisability of having representatives of the Commercial Community and also a representative of the Cottage Industries Sub-Committee of the National Planning Committee on this Fact-Finding Committee.

Inquiry into the needs and difficulties of minor industries.

In a communication dated 19th August 1940 the Federation of Indian Chambers of Commerce and Industry informed the Committee that they proposed to institute an enquiry to investigate the nature of handicaps under which some of the minor industries were labouring at present. Accordingly the Committee issued a circular letter to the members of the Chamber interested in small industries requesting them to submit to the Federation in this regard their difficulties which came in the way of development of small industries.

Private-owned dairies and competition from military dairies.

The Committee in their communication dated 30th September addressed to the Imperial Dairy Expert, Bangalore, drew attention to the competition carried on by the military dairies as against private-owned dairies with regard to the sale of dairy products. They referred to the letter addressed to the Imperial Dairy Expert by Messrs. Polson Ltd., wherein instances of the extent and nature of the competition carried on by the military dairies were cited. They supported the contention of the company that the competition carried on by Government-owned organisations with private concerns was wrong in principle and that such competition was in its nature unequal having regard to the fact that military dairies and such other organisations were not conducted on profit and loss basis. It was urged that Government should take steps to prevent or minimise the competition between military and private-owned dairies to ensure the due development of dairy industry in India.

The Director of Dairy Research, Government of India, in his reply dated 16th November stated the following points in

justification of the sale of products of military dairy farms :—

1. While Messrs. Polson, Ltd., sold tinned butter at a cheaper rate than military dairies, military dairies did not sell such tinned butter.

2. While private dairies in Cantonment areas sold fresh butter at 10 Annas per lb., military dairies sold such butter at Re. 1 per lb., and therefore, the question of competition did not arise.

3. Inspite of the demand from grocers in Lahore to stock and sell butter from Military Dairy Farms, Military dairy butter was kept off from the market with a view to avoid competition with Messrs. Polson, Ltd., and other manufacturers, the result being that grocers were now selling New Zealand Butter at Rs. 1-14 per lb., the quality being much superior than that offered by Polsons.

Competition by foreign owned cigarette factories established in the country.

As published in the Annual Report of the Committee for the year 1939 the Committee had occasion to protest against the competition by foreign-owned cigarette factories established in the country. The Committee in a further communication dated 11th July 1940 on the subject drew the attention of the Government of India to the high cost of raw materials needed for the manufacture of cigarettes due to war as well as to the increased railway freight rates which had increased the selling prices of cigarettes. The Indian owned factories were confined to the manufacture of cheaper brands of cigarettes while the foreign owned factories produced both the cheaper and the costlier varieties. The foreign manufacturers while keeping their prices for the cheaper brands at the old level, compensated themselves by raising the prices of the higher brands. Thus the Indian owned factories were compelled to sell their products at uneconomic prices. The Committee requested Government under the circumstances to bring about a working arrangement with the foreign owned factories by which this uneconomic competition could be eliminated and suggested

a conference between the foreign and Indian owned factories for fixation of prices of cheaper brands by mutual agreement. It was urged that if such an arrangement was not brought about, the Indian owned factories would not long continue in the field.

The Committee on receiving a representation from the company in question in this connection, addressed the Director of Contracts on 12th October drawing his attention to the above facts and regretting that in spite of submission of tenders by the said firm they had not received any response. They also stated that the supply of tender forms to this firm was stopped. They drew the attention of the Director to the policy of Government for promoting manufacture and supply of all things required by the Defence Services within the country as stated in his Administration Report for the year 1936-37 and urged that the products of Indian owned cigarette factories should receive recognition from his Department. They also suggested that a certain amount of price preference to indigenous manufactures should not be out of place if the policy of Government in this regard was to be substantiated.

The Contracts Directorate, in their reply dated 14th November regretted that as the cigarettes were not approved by the units, the issue of tenders in regard to the same was stopped. They, however, stated that there was no objection to making purchases of the said cigarettes for the Defence forces if the standard required for the goods supplied to the Directorate could be conformed to. The Directorate was also not opposed to the idea of giving price preference to indigenous manufactures.

Board of Scientific and Industrial Research.

The Board of Scientific and Industrial Research was appointed by the Government of India recently with a view to promote investigations of problems likely to be useful for the development of industries. The Board was preparing a brief survey of investigations which had so far been carried out by the Universities or Government or private industrial

organisations which had been either commercially developed or were likely to be so developed if suitable help was forthcoming.

In this connection the Committee addressed a letter on 3rd May to the Director of the Board asking for information regarding the policy to be pursued by the Board regarding the scope and extent of the assistance to be rendered for industrial research both of a long term character and of immediate practical importance.

Research schemes.

At the instance of a member of the Committee, the Committee addressed on 18th September to the Director of Industries, Bombay, suggesting that the Government of Bombay should recommend to the Board of Scientific and Industrial Research investigation in certain directions. It was stated that high quality bauxite deposits were available in Bombay from which manufacture of alumina on a commercial scale was possible. As alumina is useful in the manufacture of aluminium, scientific research regarding the manufacture of alumina from indigenous sources, should prove helpful to the aluminium industry. Investigation in regard to Bamboo for pulp for ryons and papers was also suggested. Researches for the manufacture of citrates and citric acid were also recommended.

The Director of Industries, in his reply dated 11th October, stated that although bauxite, useful in the manufacture of alumina, was available in large quantities in the Presidency, it was necessary to investigate as to whether the quantity available would be made commercially useful at low prices as was possible in the Central Provinces and Berar. With regard to pulp from bamboo the Department had already requested the Board that investigation concerning preparation of high quality pulp suitable for rayon manufacture from bamboo should be encouraged. The investigation, it was stated, had already been undertaken by the Forest Research Institute, Dehra Dun. He added that

research regarding bagasa would be taken in hand after the investigation regarding bamboo had been completed. Regarding citrate and citric acid, it was stated that the manufacture of the same from lemons was already engaging the attention of the Department.

Essential chemicals.

In view of the difficulties that were being experienced in getting a normal supply of essential chemicals and dye stuffs required by industry, the Committee addressed a letter to the Government of Bombay on the 25th April 1940 asking for information about the source of supply of such chemicals and the possibilities of manufacturing the same in the Province. They also asked for information about the chemicals and dyestuffs that were being manufactured in the Province either privately or in the laboratories, factories, private institutions, etc., controlled or aided by Government as also in the Department of Industries and Research centres affiliated to the University. They added that if such information was not available in a collated form, steps might be taken to obtain the same.

A similar request for the supply of information in question with reference to departments and organisations under the control of the Government of India was made to the Central Government.

Supply of codeine alkaloid.

On receiving a representation from the Alembic Chemical Works Co., Ltd., of Baroda, regarding the inadequate supplies of codeine alkaloid, a drug essential for the manufacture of several medicinal preparations, the Committee addressed the Government of India on the 20th March requesting that arrangements should be made to supply adequate quantities of codeine to the chemical works from Government factory at Ghazipur. They added that if that was not possible the Alembic Chemical Works should be allowed to manufacture this drug in their works at Baroda.

The Government of India in their reply dated the 6th June stated that the manufacture of codeine was prohibited in British India save by Officers of the Opium Department at the Government Factory at Gazipur in accordance with the requirements under the International Conventions in regard to the manufacture of dangerous drugs. They therefore could not agree to the manufacture of codeine by private agencies in India.

Supply of rectified spirit and preparation of perfumes.

At the instance of a member firm the Committee addressed the Government of Bombay on 17th December, 1940 regarding the difficulties experienced by the manufacturers of perfumery in the matter of securing supplies of rectified spirit and observing the regulations of the department governing the use of such spirit in the process of manufacture which were now applicable as the result of the introduction of prohibition in the province. According to the new rules under Prohibition, supplies of rectified spirit were to be secured from Government Depot at Sewree. It was stated in this connection that the quality of spirit supplied by Government was not suitable for use in the manufacture of perfumery. The supplies from private manufacturers previously received were of standard quality. It was therefore urged that the manufacturers of perfumery should be allowed to secure their supplies of rectified spirit from private suppliers as in the past. They brought to the attention of Government another difficulty regarding the regulation which required that preparation of perfumes in which rectified spirit was used should be done in the Government Depot. If, however, the manufacturers desired to prepare the perfumes in their own premises they were required to bear the expenses of the Resident Excise Staff, which involved extra expenditure and practical difficulties. The Committee requested Government to allow the facility to the manufacturers to manufacture perfumes on their own premises as the regulation in question acted harshly on the manufacturers. They suggested that a guarantee bond or

Cash security might be taken from the manufacturers for the proper use of the exciseable articles.

Constitution of the Indian Central Sugar Committee.

It will be recalled that the Committee had addressed the Government of India regarding the inadequacy of representation granted to the sugar factories in Bombay Presidency under the draft constitution of the Indian Central Sugar Committee as published in the Report of the Committee for the year 1939. The Government of India in their reply dated 22nd December 1939 gave an assurance that the claims to representation of all sugar producing areas will be duly considered at the time of convening the All-India Conference which had been for the present postponed.

Resident excise staff at sugar factories.

It may be recalled that the Committee had addressed the Central Board of Revenue protesting against the requirement enforced on the sugar factories in the Bombay Presidency of having a resident Excise Staff for the purpose of collecting excise duty, as published in the report of the Committee for the year 1939. The Committee in a further communication dated 15th February drew the attention of the Central Board of Revenue to the fact that such practice of having a resident Excise Staff was not enforced in sugar factories in Northern India where the Central Excise Staff periodically inspected such factories for assessment of excise duty. It was stated that the factories in the Bombay Presidency encountered practical difficulties as a result of the presence of such resident Excise Staff on the premises.

The Committee requested that, after due consideration, the Board should introduce in the Bombay Presidency the system followed in Northern India with regard to the collection of excise duty due to Government.

The Board in their reply dated 21st June referred to the different systems of sugar excise supervision obtaining in

British India and explained that these systems varied in different provinces according to the conditions obtaining in such provinces. Northern India system could not be extended to Bombay Presidency as the factories in the Presidency were few and scattered over a wide area making control of such supervision difficult. The Board, however, assured the Committee that any actual difficulties experienced in the working of the existing Bombay system would be remedied to suit local conditions and that the resident inspectors would exercise only general supervision without interfering with factory operations.

Tenders for assets of Messrs. Chemdyes, Ltd.

The Committee addressed the Government of India on the 8th August 1940 drawing their attention to the notification issued by the Dy. Custodian of Enemy Property, Bombay, inviting tenders for the purchase of the assets of Messrs. Chemdyes, Ltd. They stated that the terms and conditions prescribed in connection with the tender were objectionable and referred to Condition (4) of the notification whereby those tendering were required to be independent of the existing management of Chemdyes, Ltd. While the Committee had no objection to the provision regarding tenderers being unconnected with any enemy dye industry, they informed Government that such provision would not preclude existing agents and stockists of Chemdyes from tendering. They also disapproved of the condition requiring that the tenderers should be technically competent to carry on in a satisfactory manner and with immediate effect the business of purchasing, selling and distributing dye stuffs and chemicals throughout British India. They stated that this provision would in effect debar all other tenderers except the Imperial Chemical Industries (India) Ltd., who alone could be expected to be within the meaning of this condition. They objected to the procedure adopted of calling for tenders in one lot for the whole of the assets. In their opinion no Indian merchant would be able to purchase in one lot assets in question. They suggested that Government should continue to administer and sell the

stocks of Chemdyes and that they should be able to dispose of the stocks in smaller lots as they were doing hitherto. They urged Government to reduce the high price for obtaining a copy of the inventory which was fixed at Rs. 1,000 and thus attract a large number of tenderers to take advantage of examining and tendering for the stocks of the enemy firm.

Government in their reply dated 10th August stated that the notification in question was issued after consideration of all matters involved and that they were unable to do anything in the matter.

Prices for tender forms.

It will be recalled that the Committee in the year 1938 had requested the Central Stationery Office, Calcutta, for reduction of charges for tender forms for the requirements of stationery. On receipt of a representation again in this connection, the Committee addressed the Chief Controller of Stores, Indian Stores Department on 11th September drawing his attention to the high prices fixed for tender forms by the Central Stationery Office. The Committee also requested the Chief Controller to supply information regarding the basis of the prices of tender forms adopted by the Department. The Chief Controller in his reply dated 27th September stated that a graded scale of fees for tender forms was fixed upto Rs. 25,000, while Rs. 10 was the maximum amount charged for such tender forms. He further stated that the prices fixed for such forms were not prohibitive and nobody upto now was prevented from tendering on account of the same.

Increase in price of petrol.

Before the outbreak of the war, petrol was being sold in Bombay at As. 14 per gallon in bulk and Re. 1 per gallon to consumers including duty. Subsequently the prices were increased to Rs. 1-6 and Rs. 1-8 respectively.

In this connection, the Committee addressed on 15th May 1940 the Government of India referring to the question of price control which Government had under consideration since

the outbreak of the war, and stating that this extraordinary rise in price of petrol should have been reasonably checked by Government as petrol was an essential commodity and the rise in the price of the same affected adversely trade, commerce and industry. It was pointed out that the chief source of the supply of petrol in India was Burma while a small part of the country's requirement was supplied by the Persian Gulf, which countries were not affected by war and therefore the rise in the price of the commodity was not justified. Under the circumstances, it was requested that Government should take steps to reduce substantially the price of petrol.

Government in their reply dated 30th May assured the Committee that the rises in prices of petrol and kerosene were allowed by them after due consideration. In this connection, the Committee also sent a telegram to Government on 27th June referring to the discussions then taking place between Government and representatives of oil producing interests regarding price of petrol and kerosene and requesting that no further rises in the prices of petrol and kerosene should be sanctioned as the increases already effected were unjustified. Since then Government have sanctioned a further increase of one anna per gallon on the price of petrol.

Price for fuel oil.

The Committee addressed the Standard Vacuum Oil Co., Bombay, regarding the high price charged for their fuel oil to a recently established factory engaged in the manufacture of Sodium and Potassium Bichromate. They referred to the concessional rate for such oil supplied to the textile and other organised industries and requested that such a concession should also be given to the company in question. They stated that if such a concessional rate was offered to this industry, the pioneer effort of this company would be helped. The Standard Vacuum Oil Co., in their reply regretted that they were unable to grant the concessional rate desired.

Marking of number and counts on 'Kharaba' yarn.

On a suggestion received from the Ahmedabad Millowners' Association, the Director of Industries, Bombay, in

a communication dated 7th February invited the opinion of the Committee regarding the suggested exemption of miscellaneous yarn called 'Kharaba' yarn from the provisions of the Indian Merchandise Marks Act, 1889.

It was explained that the said variety of yarn was obtained from the bottom of different counts varying from 20' to 40' or 40' to 60' and that, therefore, it was not practicable to mark the number of counts on bundles containing such yarn as per rules under the Merchandise Marks Act. The Committee in their reply dated 14th February stated that they agreed with the suggestion of the Ahmedabad Millowners Association to exempt such yarn from the requirement in regard to marking of counts, etc., and that such yarn might be marked as "miscellaneous or mixed yarn."

The Director of Industries in his reply dated 9th April stated that in respect of 'Kharaba' yarn there would not be much difficulty in conforming to the statutory length of 840 yards as well as correctly stamping the weight and the number of knots on the bundles of such yarn and requested the Committee to acquaint him about the difficulties in conforming to the above two requirements. The Committee in their reply dated 9th June reiterated their views in the matter as stated in their letter of the 14th February and stated that they had nothing further to add.

Statistics of cotton pressed according to trade descriptions.

In reply to the communication dated 14th December 1939 from the Government of Bombay regarding the advisability of the above, the Committee, in their letter dated 15th February stated that they approved of the proposal for the compilation of statistics relating to pressed cotton according to trade descriptions. They, however, pointed out that such compilation should include cotton pressed in the Indian States also as thereby the statistics thus collected would include the whole of geographical India.

Standard contract forms for piecegoods trade.

The Marwari Chamber of Commerce, Calcutta, in their communication dated 5th March 1940 submitted a memorandum of their proposal for a standard contract form for Indian piecegoods trade, and desired the views of the Committee on the same. The Committee in their reply dated 21st November 1940 regretted that they were not in a position to accord their approval for the revision of the Contract Forms for piecegoods trade suggested by the Marwari Chamber of Commerce as the suggestion did not find support on this side.

Groundnut conference.

Mr. Nandlal M. Bhuta was nominated by the Committee to attend the Groundnut Conference as a representative of the Chamber. The Conference was held in Bombay on 2nd August 1940.

V. GENERAL.

Mahatma Gandhi.

In a telegram dated 5th November 1940 the Committee appealed to Mahatma Gandhi to desist from entering on his proposed fast. They stated that his life was precious and that the country needed him most in these days of storm and stress.

Political situation.

In a statement issued on the 27th November, 1940, the Committee gave expression to their anxiety regarding the turn the events had taken with regard to the present political situation in the country. They referred to the manifestation of Indian sympathy with the Allies' cause, that had been given expression to by the country's political leaders on the outbreak of the war, and regretted that as in the last war, British statesmanship had not extended their hand of friendship to Indian co-operation this time also. They were of opinion that if the endeavours of His Excellency the Viceroy had been backed by His Majesty's Government in finding out a solution for the present trouble, the position should not have been so bad as to drive the Congress Ministries out of office. They referred to the unceasing efforts of Mahatma Gandhi to prevent any embarassment to Government during the period of the war and Government's indifference towards recognising these sincere efforts and stated that in the interests of Great Britain and India, Government should have exerted themselves to prevent the Congress from going into the wilderness by finding a solution for the present situation. They feared that under the present situation with the world war in progress, the development of country's commerce and industries was at stake. They were of opinion that if a declaration for an immediate recognition of at least Dominion Status of the Statute of Westminster variety for India had been made when the war broke out, India would have stood solidly by

Great Britain. They urged His Excellency to adopt immediately all such measures as would bring about a cessation of the present strained relations between Government and the people of the country and felt that Mahatma Gandhi would still extend his hand of friendship if constructive suggestions were offered to end the present deadlock. They also deplored the severity of the sentences passed on Pandit Jawaharlal Nehru and other political leaders.

Indian non-official representation on international conferences.

It will be recalled that the Committee had addressed the Government of India on 16th November 1939 regarding the desirability of including Indian non-official representatives in the delegations from India to international conferences.

A reply was received that the suggestion would be duly considered when the question of representation in connection with any international conferences on matters affecting commerce and industry in the future arose. Government also explained the circumstances under which it was not felt necessary to include separate Indian commercial representatives for the Cotton Conference at Washington and for the discussions in connection with restriction schemes for rubber and tea.

Statistics published by the League of Nations.

It was mentioned in the report of the Committee for the year 1939 that the League of Nations had been addressed in regard to the necessity for including Indian statistics in as complete a form as possible in the publications issued by the League.

A reply was received from the League dated 17th February 1940 in which it was pointed out that the League Secretariat had always endeavoured to secure as complete a documentation as could be readily obtained from the Indian authorities in respect of statistics concerning the economic and financial conditions in India. The reply added that the League would be grateful if the Committee of the Chamber

would call the League's attention to any source of information which appeared to them to have escaped the notice of the Secretariat. The Committee in a further letter dated 10th April referred to certain publications in which information about the national income of the country was contained and suggested that the same be incorporated in the future editions of the League's statistical publications. The attention of the Government of India was also drawn to the above correspondence.

Collection of occupational statistics in the next census.

With reference to the previous correspondence between the Committee and the Government of India regarding the necessity of including in the next Census statistics regarding employment, the Census Commissioner had along with his letter dated the 11th July 1940, sent for the information of the Committee a list of questions to be included in the Census form for the next Census, which suggested that an effort would be made to collect statistics of employment.

Library Development Committee.

The Government of Bombay appointed a Library Development Committee to explore the possibility of establishing a Central Library at Bombay and three Regional Libraries at Poona, Ahmedabad and Dharwar with a view to provide facilities for the reading public which had become necessary after the recently started literacy campaign in the Province.

The Library Development Committee issued a questionnaire on the subject a copy of which was forwarded to the Committee of the Chamber with a request to send their views on the same.

The Committee suggested that a section in the proposed libraries should be devoted specifically to books, literature and periodicals on economic and commercial subjects as there was no such facility provided in the Presidency for the reading public interested in commercial subjects. The Committee

were in favour of the establishment of a Central Library in Bombay on the lines of the British Museum Library in London which should be available to the public. They suggested that the library should be mainly a reference library and the practice of lending books should be discouraged. To start with a Central Library should be established in Bombay and the other Regional Libraries should be organised in due course. They were of opinion that the Central Library should be under the management and control of Government and should be financed from the general revenues of the Province. The idea of the Royal Asiatic Society being used as a nucleus of the proposed Central Library in Bombay was not acceptable to the Committee.

Appointment of non-Indians in Civil Departments connected with the war work.

The Committee in their communication dated 24th August addressed to the Government of India drew their attention to their policy of continuing to appoint non-Indians to almost all the important posts in the Civil Departments connected with the war work. They referred to the previous correspondence on the subject and regretted that Government had not seen their way to revise the policy which was detrimental to the self-respect of Indians who, in the opinion of the Committee, were in a position to fulfil these appointments with credit. They referred to the Provincial Advisory Committees for War Supplies and regretted that in spite of their assurance that representatives of the Indian shipping industry would be taken on such Committees, a place was given to Messrs. Mackinnon Mackenzie & Co., to represent shipping interests. They pointed out that non-official advisers and liaison officers appointed to the Supply Board were recruited from the British commercial community only. The Committee urged Government to liberalise their policy in the matter of such appointments and to include suitable Indians to important and responsible positions in departments dealing with war work.

Representative on war supplies Advisory Committee, Bombay.

In a reply to a communication from the Government of Bombay dated 14th June 1940, regarding the above, the Committee nominated Mr. M. C. Ghia, M.L.A., Vice-President as their representative on the Advisory Committee. The letter from Government explained that this Committee was formed for the purpose of assisting the Government of India in war supply matters and for consultation of commercial interests in such matters.

Representative on the Royal Institute of Science Advisory Committee.

Mr. Kapilram H. Vakil, M.Sc. (Tech.), was re-elected on the Royal Institute of Science Advisory Committee as the representative of the Chamber for a fresh term of three years as from 1st January 1941.

Representative on the Indian Central Cotton Committee.

Mr. Chunilal B. Mehta was elected as the representative of the Chamber on the Indian Central Cotton Committee for a term of three years as from 1st April 1940.

Representative on the Prohibition Research Advisory Board.

Mr. Chunilal B. Mehta, President, was nominated as a representative of the Chamber on the Central Prohibition Research Advisory Board appointed by the Government of Bombay, in response to the communication dated 9th January 1940 from the Government of Bombay.

Representative on the Advisory Board of the Sydenham College of Commerce.

The Hon'ble Sir Rahimtoola M. Chinoy, Kt., was nominated for a further term of three years on the Advisory Board

of the Sydenham College of Commerce as the representative of the Chamber with effect from the 25th May 1939.

Standing Advisory Committee for Backbay Reclamation.

The Government of Bombay by their communication dated 16th January 1940, informed the Committee that the term of office of the Standing Advisory Committee for Backbay Reclamation was extended for 3 years with effect from 1st August 1939. Mr. Manu Subedar represents the Chamber on that Committee.

Delegates to the 13th annual session of the Federation of Indian Chambers of Commerce and Industry.

The following members were nominated as delegates to the 13th annual session of the Federation :—

Mr. Chunilal B. Mehta (President).

Mr. M. C. Ghia, M.L.A. (Vice-President).

The Hon. Sir Rahimtoola M. Chinoy, Kt.

Mr. Manu Subedar, M.L.A.

Draft resolutions for the 13th annual meeting of the Federation of Indian Chambers of Commerce and Industry.

On 8th February 1940 the Committee addressed the Federation of Indian Chambers of Commerce and Industry enclosing draft resolutions in connection with the 13th annual session of the Federation on the following subjects :

1. Political situation.
2. War and Development of Industries.
3. Price control.
4. Co-ordination of labour legislation and unification of labour standards.
5. Closer contact between Industry and Research.
6. Insurance legislation in Indian States and Burma.

7. National shipping.
8. Restrictions on exports.

Indian National Committee, International Chamber of Commerce.

Mr. Chunilal B. Mehta, President, was nominated as a representative of the Chamber to attend the 11th annual meeting of the Indian National Committee 1940.

Indians interned in France.

The Committee in their communication dated 10th December, addressed to the Government of India referred to a telegram from France in connection with some of the Indian merchants interned in Paris by the Germans. The Committee desired to know whether it was possible to do anything in the direction of relief for these Indian internees. It was urged that if possible, steps should be taken for the release of these merchants.

The Commercial Examination Board.

The Commercial Examinations conducted by the Chamber in the various centres in India were held from 6th May 1940. The total number of candidates appeared at these examinations was 431. Out of this 108 passed in Diploma subjects while 125 passed in Certificate subjects. 54 candidates were granted exemptions in various subjects. 59 recognised institutions sent candidates for the examinations as against 61 last year. The examinations were held in the following 18 centres :

Bombay	Mysore	Mangalore
Poona	Bangalore	Nagpur
Ahmedabad	Trichinopoly	Junagadh
Surat	Coimbatore	Delhi
Karachi	Trivandrum	Calcutta
Madras	Palghat	Lahore.

Obituary.

The Committee passed resolutions of condolence on the deaths of Mr. E. R. Hirjibehedin, Sir Dossabhoy H. Bhiwandiwala and Seth Anandilal Podar.

Membership of the Chamber.

At the beginning of the year there were on the Register 590 members. During the year 83 members were elected and 21 discontinued their membership (17 having resigned, 2 having been struck off from the rolls for arrears of subscription and 2 having died). There are thus 652 members now on the roll.

Accounts.

The statement of accounts of the Chamber for the year ended 31st December 1940 with the auditors' report is annexed hereto. It will be observed that a sum of Rs. 3,775 has been received as contributions from the representatives of the Chamber on various public bodies. The best thanks of the Committee are due to the gentlemen who have made these contributions.

THE INDIAN MERCHANTS' CHAMBER

Balance Sheet as at 31st December, 1940.

LIABILITIES.	Rs.	a.	p.	PROPERTY & ASSETS	Rs.	a.	p.	Rs.	a.	p.
CAPITAL FUND & OTHERS:										
CAPITAL FUND:				FURNITURE & FITTINGS AT COST:						
Admission fee of ordinary members upto 31-12-1939	51,350	0	0	Upto 31-12-1939	17,401	6	6			
Admission fee of ordinary members during the year	4,000	0	0	Additions during the year	1,246	9	0			
Patron fee	5,000	0	0		18,647	15	6			
	60,350	0	0	*Less* Depreciation during the year	1,305	0	0	17,342	15	6
Contribution from Messrs. Narrondass Manordass to the Chamber	20,000	0	0	BOOKS FOR LIBRARY:						
				Upto 31-12-1939 (estimated)	22,598	9	6			
FUNDS EARMARKED FOR LIBRARY:				Additions during the year	679	9	9			
					23,278	3	3			
Sir Ibrahim Rahimtoola Entertainment Fund	1,300	0	0	*Less* Depreciation during the year	1,695	0	0			
Sir Purshotamdas Thakurdas Entertainment Fund	439	5	0					21,583	3	3
B. F. Madon Portrait Fund	534	8	0	Subscriptions due from members			...	3,200	0	0
	2,273	13	0	ADVANCES:						
Commercial Museum Fund	50	0	0	A. R. P.	40	13	9			
Sundry Creditors for expenses	626	0	0	Deposit with Central Publication Branch, Delhi	4	1	0			
Subscriptions received in advance from members	100	0	0	Deposit with Chief Censor, India, New Delhi	5	0	0			
								49	14	9
EXCESS:				INVESTMENTS :—						
Income over expenditure upto 31-12-1939	90,550	12	0	CAPITAL FUND:	Rs.	a.	p.			
Income over expenditure during the year	13,812	3	6	5% 1945-55 Loan of Rs. 5,000 @ cost	5,425	0	0			
	1,04,362	15	6	5% 1959 Municipal Loan of Rs. 10,000 @ cost	8,862	8	0			
				3½% 1947-50 Loan of Rs. 29,000 @ cost	30,848	12	0			
								45,136	4	0
				GENERAL:						
				4% 1969 Port Trust Bond of Rs. 2,000 @ cost	2,025	0	0			
				2½% 1948-52 Loan of Rs. 20,000 @ cost	20,025	0	0			
				3½% 1947-50 Loan of Rs. 9,000 @ cost	9,573	12	0			
								31,623	12	0
								76,760	0	0
				Loan to Lalji Naranji Memorial Trustees				50,000	0	0
				CASH AT BANKS & ON HAND:						
				In C/A with Central Bank of India	14,739	13	11			
				In C/A with Bank of India	3,711	1	11			
				On Hand	375	11	2			
								18,826	11	0
Total Rs.	1,87,762	12	6				Total Rs.	1,45,586	11	0
								1,87,762	12	6

THE INDIAN MERCHANTS' CHAMBER

Dr. *Income and Expenditure Account for the year ended 31st December, 1940.* *Cr.*

EXPENDITURE	Rs. a. p.	INCOME	Rs. a. p.
To:—		By:—	
Office Establishment	31,987 7 6	Membership subscriptions	51,350 0 0
Insurance, Heating & Lighting Charges ...	439 14 3	Contributions from Chamber's representatives on various Public Bodies. ...	3,775 13 0
Telephone Charges	804 0 0	Rs. a. p.	
Postage & Telegrams	2,560 12 0	COMMERCIAL EXAMINATIONS:—	
Stationery	1,843 15 0	Examination Fees ... 4,841 8 0	
Printing Reports, etc.	5,214 12 0	Sale of Syllabus and Question Papers 116 13 3	
— do — Journal	4,159 12 0	Advertisements in Syllabus ... 72 8 0	
Commercial Examinations, including honorarium to Examiners, etc.	2,772 12 9	Fees for recognition of Commercial Institutions ... 470 0 0	5,500 13 3
Subscriptions to Newspapers & Periodicals ...	660 2 3		
Upkeep of Library, including binding charges...	524 4 0	Interest on Investments and Current Accounts	2,382 6 0
Carriage Hire	410 15 0	Fees for issuing Certificates of Origin, etc. ...	5,080 0 0
Chairs' Hire	111 4 0	Advertisements in Journal	2,236 9 9
Commission on Advertisements	573 12 0	Subscriptions to Journal	125 10 0
Auditors' Honorarium (for 1939 & 1940) ...	200 0 0	Sale of Members' List, etc.	291 0 0
Repairs to Typewriters, etc.	72 8 0	Sundry Receipts.	12 8 0
Membership subscription to the Federation of Indian Chambers of Commerce & Industry	150 0 0		
—do— to the Indian National Committee of the International Chamber of Commerce ...	33 0 0		
Contribution to the Indian Chamber of Commerce in Great Britain	28 8 9		
Bank Commission	13 14 0		
Travelling Expenses	457 12 0		
Income-tax	441 11 0		
Miscellaneous Expenses	481 8 0		
DEPRECIATION:			
Furniture & Fittings Rs. 1,305			
Library books „ 1,695			
	3,000 0 0		
	56,942 8 6		
Balance, being excess of income over expenditure transferred to Balance Sheet ...	13,812 3 6		
Total Rs.	70,754 12 0	Total Rs.	70,754 12 0

We have audited the foregoing Balance Sheet of the Indian Merchants' Chamber as at 31st December, 1940, and also the foregoing Income and Expenditure Account for the year ended upon that date, and report that—

(*a*) we have obtained all the information and explanations we have required;

(*b*) in our opinion, the foregoing Balance Sheet and Income and Expenditure Account are drawn up in conformity with the books; and

(*c*) such Balance Sheet exhibits a true and correct view of the state of the Chamber's affairs according to the best of our information and the explanations given to us and as shown by the books of the Chamber.

DEVIDAS VITHALDAS & CO.
Accountants & Auditors.

CHUNILAL B. MEHTA
President.

J. K. MEHTA
Secretary.

Bombay, 6th January, 1941.

APPENDICES

I.—TRANSPORT AND COMMUNICATIONS

APPENDIX 1

War-time Restrictions on Indian Shipping.

Letter No. 2284, dated 8th October 1940, from Chamber to the Secretary, Commerce Department, Government of India.

I am directed by the Committee of this Chamber to write to you with regard to the amendments recently announced in exercise of the powers under Rule 8 of the Defence of India Rules Notification No. 532 OR-40 as also Notification No. 160 MIW-III|40. The effect of these notifications, according to my Committee, is to discriminate against the Indian shipping industry and in favour of the British shipping industry. My Committee will try to show below how the restrictions and control will affect Indian shipping only leaving British shipping plying on Indian coast entirely free as regards its movements and as regards its power to charge such freights and fares as it likes.

1. Every Indian ship will have to furnish information which it may be asked to furnish.

Ships outside the Indian Register cannot be called upon to furnish such information.

2. No Indian ship can ply outside its present sphere of operations without a licence from the Government of India.

No such restriction is placed on the British ships, i.e., ships of the B. I. and the Asiatic or even of tramps (British or non-British) plying within Indian waters.

3. Every Indian ship plying within its sphere of operations or going outside its sphere of operations after

obtaining the necessary licence will have to quote only such rates of freight and fares as may be fixed by the Government of India.

There is no such control either as regards the movements or as regards the freights and fares quoted by the British ships.

4. No Indian ship can be given on hire either on time charter or even on voyage charter without obtaining the necessary licence for the purpose and the rates of freight and passage fares in connection with such hiring will be determined by the Government of India.

No such restrictions either in regard to the time chartering or voyage chartering are imposed on British ships. It will be obvious that brokers will not wait till the Indian ships obtain licence and all this chartering business will, therefore, naturally pass to British ships plying on the coast.

My Committee feel seriously apprehensive that all such clauses will place the Indian shipping at a great disadvantage. Indian shipping, as my Committee have often and often emphasised, should be considered as an integral part of the Indian national economy and it is to be deeply regretted that sufficient attention is not being paid by Government to the needs and requirements of Indian shipping and to its development. My Committee urge that all such restrictions, which are tantamount to discriminate in favour of British shipping by restricting the movements of Indian ships and by controlling the rates of freights and fares to be charged by Indian ships while leaving full and complete freedom to British ships, should be done away with. My Committee expect the Government of India to be as vigilant and anxious to promote and safeguard the nascent shipping industry of India as the British Government are anxious for the development of British shipping.

APPENDIX 2

Appointment of the Indian Shipping Adviser

Letter No. 2128, dated 19th September 1940, from Chamber to the Secretary, Commerce Department, Government of India, Simla.

I am directed by the Committee of the Chamber to state that their attention has been drawn to the recent creation by the Government of India of a new post of Indian Shipping Adviser and to the appointment of Captain H. L. Davis, Nautical Adviser to the Government of India, to that post. My Committee deeply regret that in spite of the protests of the commercial community to the appointment of non-Indians to such posts, the Government of India have once again thought it fit to ignore such protests and appoint an European Government Officer to that post. In view of the manner in which the Indian shipping industry has been treated in the past—apart from other general grounds—my Committee expected that the Government of India would not have persisted in their policy of appointing non-Indians to such posts, but they would have appointed an Indian with shipping experience to the office of the Indian Shipping Adviser.

My Committee note that the duties of the Shipping Adviser will be "to co-ordinate the use of ships based on India so as to secure"—and he will be subordinate to Sir George Campbell, the Shipping Controller for India, in respect of ships not on the Indian register—"that each company (forming the Conference Lines) is able to carry its allotted quota of the coastal trade." My Committee would like to point out that the ensuring of such quotas will result in the maintenance of the ships of the British companies on the coast, at the sacrifice of Indian shipping, which is against the accepted policy of the Government of India.

My Committee would like in this connection to point out that all the British ships on the register of the United Kingdom were requisitioned by the British Government from the 1st February, 1940. Moreover, according to the recent Reuter's message a statement issued by the Ministry of Shipping an-

nounced that the shipping strength of Great Britain had increased by over 10,000,000 tons deadweight as a result of the German invasion of Poland, Norway, Denmark and the Low countries and the collapse of France. Even a further Reuter's message of the 10th instant makes it clear that despite the losses incurred by the British mercantile marine owing to war the mercantile shipping of Great Britain in commission was greater today than at the outbreak of the war. My Committee therefore, fail to understand the justification of requisitioning ships on the Indian register, when more British tonnage than the tonnage in commission at the outbreak of the war was available and when all the ships of the British India and the Asiatic Companies requisitioned by the British Government were not utilised for the purpose of the war by the representative of the British Ministry of Shipping, who unfortunately was also the "Shipping Controller for India." My Committee are of the opinion that in view of the very small Indian Merchant Navy which India has got and the struggles which it has to face and which it is likely to face, it is imperative that no ship on the Indian register should be requisitioned until all the available British ships on the register of the United Kingdom and all other ships under the control of the British Ministry of Shipping are utilised for the purpose for which Indian ships are commandeered. My Committee hope that in fairness to the Indian shipping industry the Government of India will radically revise their policy in this connection and safeguard the interests of Indian shipping in the matter from every point of view.

APPENDIX 3

Complaints about inadequacy of Freight Space for Shipments of Oil-seeds

Letter No. 1044, *dated 2nd May* 1940, *from Chamber to the Secretary, Government of India, Department of Commerce, Simla.*

My Committee have been receiving complaints from merchants interested in the export trade, about the inadequacy of

shipping freight for the carriage of oil-seeds, particularly mustard seeds, to French ports. The merchants concerned have already entered into contracts for shipment of consignments of such seeds and in the absence of adequate freight space they are put to difficulties and loss and are not in a position to fulfil their contractual obligations.

In this connection, it has been brought to the attention of my Committee that even though sailings for the ports in question are available, the shipping agents are almost reluctant to accept consignments of oil-seeds, as they seem to be inclined to give preference for other types of cargo on which freight rates obtainable are higher. Further, reports have reached my Committee that even in the matter of shipments of oil-seeds, they are giving preference to particular firms, who are able to exert influence through their London office with the principals of the Shipping Company. The result is that Indian shippers in the business are placed at a disadvantage. My Committee however understand that consignments of oil-seeds are freely booked from Karachi to Marseilles by the same agents and shipping company.

My Committee, therefore, request that the Government of India will be pleased to look into this grievance and, as under the conditions of the war they have a measure of control in the allotment of freight space in respect of shipping tonnage available arrangements may please be made to see that adequate freight space is provided for export of oil-seeds and that occasions for complaints regarding any such discriminatory treatment are eliminated.

APPENDIX 4

Freight for Export of Hemp

Letter No. 1696, *dated 26th July* 1940, *from Chamber to the Secretary, Government of India, Department of Commerce, Simla.*

My Committee have received a representation from exporters of Hemp complaining about the difficulties in

obtaining shipping tonnage for the export of Hemp from Bombay. Consignments of Hemp awaiting shipment in Bombay have already been bought by His Majesty's Government and they were expected to be on the priority list.

The Controller of Shipping, besides having restricted the tonnage to be made available for shipment of Hemp, is also requiring that Hemp, as far as possible, should be shipped from the port of Calcutta. There is a good quantity of Hemp collected from sources of supply near about Bombay and it will be extremely inconvenient involving moreover avoidable increase in expenditure to transport the same to Calcutta for transhipment abroad from there. The trade which was normally passing through the Bombay port should not be, by artificial conditions, diverted to another port and the merchants put to unnecessary trouble and inconvenience by such restrictions.

The new season for Hemp will start after about four months. For the present, therefore, only the existing stocks have to be provided for. The stock also, it is understood, is not very large. My Committee, therefore, request that arrangement should be made to provide adequate freight space for shipments of Hemp from the Bombay Port.

Letter No. 76-C.W.(5)|40, dated 23rd August 1940, from the Government of India, Department of Commerce to Chamber.

With reference to your letter No. 1696, dated the 26th July 1940, I am directed to say that the Government of India understand that a quota of 200 tons per month has been allotted to Bombay for the shipment of Hemp out of a total tonnage of 1,000 tons per month arranged for this article—the allocation of the remaining 800 tons being 700 from Calcutta and 100 from Madras. I am to add that at present there is no prospect of increasing the allotment from Bombay as the tonnage position on the West Coast is particularly difficult.

APPENDIX 5

German Ships at Batavia

Letter No. 2057, dated 12th September 1940, from Chamber to Commerce Department, Government of India, Simla.

The attention of my Committee has been drawn to a press message that the Government of India have concluded negotiations with the Government of Dutch East Indies whereby they take over possession of about half the number of the 19 German merchant vessels now detained at Batavia. It is also mentioned that some of these vessels had been carrying cargo to India, but deviated from their destination at the outbreak of war. My Committee feel that the acquisition of these 9 or 10 vessels when put into commission would relieve to some extent the pressure on the Government of India for requisitioning Indian ships. They are informed that 24 ships of the Indian shipping companies have been taken over for Defence purposes and that more than 8 ships of the Scindia Steam Navigation Company have been taken over for carrying men and materials. Under the circumstances my Committee consider that Government will agree with them that it is quite fair to demand that these nine or ten ships which Government have taken over from the Government of Dutch East Indies should be handed over to Indian shipping interests to fill in the gap created by the ships that have been requisitioned. It is the general practice of maritime countries that such acquired shipping is handed for management to national shipping concerns; and the Government of India, my Committee trust, will be pleased to follow the same procedure in the interests of Indian shipping.

Letter No. O. 1270-M.I.W.|40, dated 26th October 1940, from Commerce Department, Government of India to Chamber.

With reference to your letter No. 2057, dated the 12th September, 1940, I am directed to say that there is no truth in the press message referred to that the Government of India have concluded any agreement for taking over from the Government of the Dutch East Indies any of the German

ships seized in prize by that Government. The Government of India however understand that the German ships which were detained at Dutch East Indies ports have been taken over by the Dutch Government and renamed and the intention is to utilise them in the Dutch East Indies|United Kingdom trade, though it may be possible that some of them may eventually load between India and the United Kingdom.

APPENDIX 6

Government Subsidy for Haj Pilgrims

Letter No. 2689, dated 28th November 1940, from Chamber to the Commerce Department, Government of India, New Delhi.

The attention of the Committee of this Chamber has been drawn to a recent press-note which has been issued by the Government of India on the subject of the subsidy which they propose to give to ships which would carry pilgrims between India and Jeddah during the ensuing Haj season. His Majesty's Government and the Government of India have, it appears, agreed to meet certain items of expenditure attributable to war conditions, such as cost of war risk insurance on the pilgrim ships and expenditure on account of any abnormal detention of these ships from dangers of any enemy action. This is tantamount to the payment of a subsidy to the companies concerned. My Committee are not opposed, on principle, to the payment of subsidy to shipping concerns specially to help pilgrims or, for the matter of that, to any industrial concerns, if substantial help is to be given to them and their development and progress is to be assured.

The case, unfortunately, here is different. During the last Haj season when Indian shipping interests desired that the Government of India should, having regard to the rise in the cost of operations, fix passage fares for sailings between India and Jeddah, Government took up the position that fixing of fares was not their concern and refused to interfere, although it was acknowledged by all the parties concerned that the

rates then prevailing were uneconomic. Yet, the Government of India did not come to the assistance of the shipping companies either by fixing economic rates or by giving it any direct assistance for plying in that trade. This time, however, when the Indian shipping company is not in the field, Government propose to assist Haj sailings by sharing the burden of the increased cost and also by allowing the company to increase their fares to a certain extent above their previous rates. My Committee want it to be absolutely cleared, to avoid any misunderstanding, that their protest is neither against the payment of subsidy nor against any help which may have been indirectly given to help the Haj pilgrims to perform their pilgrimage. What they strongly protest against, however, is that this sort of help was never forthcoming for an Indian shipping concern and has been thought of only when a non-Indian concern is solely in the field. My Committee are informed that there was not even a consultation held by the Government of India with the only Indian shipping company, viz., the Scindia Company, before such a step was taken. It was obviously the duty of the Government of India, looking to the fact that the Scindia Company was in the field last year and withdrew only because a small and an unfair quota was given to it, to consult the company.

It is deeply regrettable that Government did not give the Scindia Company an opportunity of carrying Haj Traffic, withholding thus from the Indian shipping company the payment of the subsidy and affording extra facilities to the non-Indian shipping company for having an increase in the passage fares. Such an attitude on the part of the Government of India is to be deeply deplored. The whole of the Indian commercial community has been making representations to Government about the necessity for encouragement to Indian shipping, and yet practically no heed is paid to these representations. My Committee hope that the Government of India will be pleased now to change their angle of vision and to give that relief and help to Indian shipping which is its due.

APPENDIX 7

Port Charges on Cargoes for Sudan Unloaded at Bombay

Letter No. 1883, *dated* 16*th August* 1940, *from Chamber to the Port Trust, Bombay.*

The Committee of the Indian Chamber of Commerce, Calcutta, have forwarded to my Committee a copy of their letter No. 2039, dated 27th July 1940, addressed to you on the question of cargoes unloaded at Bombay by certain steamers *en route* to Port Sudan. The steamers in question were s.s. *Nawab* and s.s. *Bahadur*. They had on board cargoes consigned to Port Sudan, but under instructions from the Government of India they had to unload the said cargoes at Bombay and it has not been possible for them to arrange for the carriage of the same to the destination. Under the peculiar circumstances, the request of the Indian Chamber of Calcutta that the Bombay Port Trust authorities should waive the collection of Port charges or rent or demurrage charges on the said cargoes, my Committee feel, is fair, and should be considered sympathetically by your Board.

My Committee had occasion to address the Port Trust in connection with waiveure of extra fees on goods waiting shipment or imported which could not be cleared in time on account of the dislocation of the service due to conditions connected with the war. In such cases, the Trustees were pleased to sanction a remission of 2|3 of the extra fees.

My Committee hope that the same sympathetic consideration will be shown to the cases under reference.

APPENDIX 8

Closing of Road Gates in the Docks

Letter No. B|8-1|537, *dated* 10*th February* 1940, *from the Bombay Port Trust to Chamber.*

I have been directed to approach you in connection with a representation which has been received from the Bombay

Port Trust Docks Staff Union for closing the Docks Road Gates to the receipt of export cargo at 5-30 p.m. so that the staff may be free to proceed off duty by 6 p.m.

The working hours at the Docks as laid down in Docks By-law No. 118 are from 8 a.m. to 12-30 p.m. and from 1-30 p.m. to 6 p.m. The By-law provides for deliveries at the Docks transit sheds to be stopped at 5-30 p.m. and this enables the Import Gate Staff to complete their day's accounts in the interval between 5-30 p.m. and 6 p.m. so as to be free to proceed off duty at the official closing hour.

In the case of exports, as cargo is allowed to be received at the gate until 6 p.m. the same opportunity for the preparation and check of accounts is not afforded to the Export Gate Staff who are required in consequence to remain on duty beyond the official closing hour.

Before considering the form of amendment to the By-law to put the export rules on all fours with the import rules, I would be glad to be favoured with the views of your Chamber in the matter.

Letter No. 484, *dated* 21*st February* 1940, *from Chamber to the Bombay Port Trust.*

Your letter No. B|8-1|537, dated the 10th instant inviting the views of my Committee on the suggestion that the Road Gates in the Docks be closed to the receipt of export cargo at 5-30 p.m. was duly considered and in reply I am directed to inform you that my Committee are opposed to the change in question.

Merchants and exporters will be very much inconvenienced if the present time for the receipt of export cargo is changed from 6 to 5-30 p.m. It may be pointed out that in order to enable such cargo to reach the Port Trust Gates before 5-30 p.m. the same will have to be sent from Godowns much earlier and in the case of godowns and places of business situate a little away from the Port Trust Docks, the reduction will mean a substantial curtailment in the existing facilities.

It is also pertinent to point out in this connection that with a view to make the best economical use of the existing shipping tonnage efforts are being made by all parties concerned, at the request of the Flag Officer Commanding, to expedite the turn-round of shipping. At such a time any step in the direction of reducing the hours for receipt of export cargo will have reverse results and will add to the difficulties and delays.

My Committee are strongly opposed to the change in question and hope that the same will not be introduced.

APPENDIX 9

Removal of Wreckage from the Port Trust Waters

Letter No. 2553, *dated* 14*th November, from Chamber to the Port Trust, Bombay.*

The attention of the Committee of this Chamber has been drawn to a letter received from the Assistant Manager, Land and Bunders, Bombay Port Trust, by a member of the Chamber, wherein it was stated that "I beg to inform you that it is open for you to remove the damaged ships and cargo lying alongside your premises at your own expense and place same within your premises where it may receive reasonable protection."

My Committee consider that under Section 10 of the Indian Ports Act, 1908, it is the Port Trust authorities who are responsible for clearing out the wreckage lying within the limits of the Port. While one of the duties of the Port Trust is to facilitate the movement of shipping in the port, looking after the health and sanitation of the port, as also removal of obstructions within the harbour and also removal of any such other nuisance are duties which cannot be ignored by the Port Trust. By now the Bombay harbour must be free from all the wreckage caused by the recent storm, but my Committee consider that as a matter of principle, the Port Trust should recognise it a part of its duties to remove the wreckage and obstructions and nuisance. They hope that you will agree with their above views.

APPENDIX 10

Collection of Demurrage Charges on Coal Wagons at Manganese Depot *

Letter No. 2460, dated 26th October 1940, from Chamber to the Bombay Port Trust.

The attention of my Committee has been drawn to the notice issued by the Manager of the Bombay Port Trust Railway on 17th October 1940, announcing that the free time allowed for unloading coal wagons at the Manganese Depot has been reduced from 9 working hours to 4 working hours and that any extra time taken beyond that period will be liable to demurrage charges. In this connection, my Committee would like to refer to the correspondence they had last year, ending with your letter No. 3680 of the 24th November 1939, on a similar occasion when the free time was reduced from 9 to 4½ hours. Subsequently, normal free time was re-introduced from the 15th November of that year. My Committee had therein pointed out the inconvenience and loss caused to merchants by such changes. They very much regret, therefore, that the Port Trust authorities should have again decided upon taking such a step. My Committee are strongly opposed to the curtailment of the facilities, and they feel that such a step is bound to cause avoidable hardship and loss to the coal merchants.

My Committee have received reports that booking of coal from stations at the mining centres to Manganese Depot has also been considerably restricted. Orders for the supply of coal could not be executed for want of wagons and requisitions for wagons are not being met in time and adequately. Particularly at this juncture, shortage in the supply of wagons will cause a great hardship and will entail a loss to parties concerned. In order to encourage movement of coal traffic during the slack season the Railway Board had themselves offered certain inducements to merchants; the additional 5 per cent surcharge is to come into force from 1st November

* For previous correspondence see p. 120-21, Report 1939.

1940. If orders accepted to be executed and supplied before that date cannot be fulfilled on account of the paucity of wagons, merchants will be put to a loss by the increase in freight on account of the surcharge. It is necessary to avoid such a contingency and arrangements should, therefore, be made to restore full booking to Manganese Depot so that all outstanding orders could be completed before 1st November.

My Committee hope that you will give this matter your early attention and issue necessary instructions so that the difficulties complained of may be removed.

Letter No. 3557, *dated* 18*th November* 1940, *from the Bombay Port Trust to Chamber.*

With reference to your letter No. 2460, dated 26th October 1940, regarding the reduction of the free time allowed for unloading coal wagons at Manganese Depot, I am directed to say that the position during the past four weeks has been much the same as when the matter was under correspondence with you in November last year. The difficulties of the Coal Merchants as put forward by you are quite fully appreciated, but they have been brought about by the fact that the Merchants have been receiving more wagons than could be placed near their plots. Despite the two placements per day that the Railway Department were making, there was regularly a balance of unloaded wagons to be carried over to the next day.

On the 17th of last month the Port Trust Railway had 276 wagons of coal on hand, and as many of the consignees were taking the full nine hours for unloading, 80 wagons at the most could be disposed of per day. The reduction of free time to four hours speeded up matters considerably, and the number was increased to over 100 wagons per day. But in spite of this improvement, the position was adversely affected by the Divali Holidays and the continuance of heavy arrivals of wagons, with the result that it was not possible to revert to the usual free time until the 13th instant.

With regard to the restriction of bookings from the collieries to 100 wagons per day, I am to observe that this can

scarcely be held to involve any hardship to Merchants, having regard to the fact that the average daily receipts at Manganese Depot throughout October were only 73 wagons.

Finally I am to say that while the Port Trust will continue to make every endeavour to meet the general convenience of the Trade, it is largely within the Merchants' own power to avoid the curtailment of unloading time if they would space out their orders over a sufficiently long period. This would save congestion and inconvenience not only to themselves but to all concerned.

APPENDIX II

Interview with the Member for Communications, Government of India

Memorandum on points for discussion at the Committee's interview with the Hon'ble Sir Andrew Clow, C.S.I., C.I.E., I.C.S., Member for Communications, Government of India, on Monday, 9th September, 1940.

I. TELEPHONE

(*a*) **Reduction in the charges for Trunk Service.**—The question of a reduction in the existing Trunk Telephone rates demands immediate consideration. With the growth of the telephone habit, the revenue to Government from the Trunk service has been showing progressive increase. As a matter of fact, the Posts and Telegraphs Department, as a whole, has been showing increasing surpluses every year. In 1931-32, the Telephone Branch of the Department gave to Government a profit of Rs. 1.18 lakhs. This figure in 1937-38 rose to Rs. 28 lakhs. The corresponding figures for Trunk Call fees alone were Rs. 13 lakhs in 1931-32 and Rs. 41 lakhs in 1937-38. It is pertinent to point out that the charges in India are higher when compared with those prevailing in other countries. Therefore, in the interest of stimulating a greater use of Telephone service, and as a measure of relief

to the users, it is high time that Government should actively consider the question of substantial reduction in the existing Trunk Telephone tariff.

(*b*) **Hours for half-rate calls.**—From January this year, the period during which calls are charged at half-rate was reduced and changed from 8 p.m. to 8 a.m. to 10 p.m. to 8 a.m. The change was sought to be justified on the ground that on account of the great congestion on the Trunk lines there was excessive delay in putting through Trunk calls. Along with various other commercial bodies, we had opposed this change. It was pointed out by us that the change actually meant the withdrawal of the system of half-rate calls, as it was almost inconvenient to any users to have to wait till after 10 p.m. to put through any calls at the concessional rate. Government, however, promised to reconsider the position as soon as the situation was slightly eased. We understand that the use of the Trunk Telephone service during the half-rate period has been considerably reduced. It is also reasonable to expect that the pressure consequent upon the war must have been by now slackened, and we request that the old period of half-rate calls may be restored at an early date.

(*c*) **Restriction on outward calls.**—Last year, it was reported that the Posts and Telegraphs Department were contemplating the enforcement of the provision in the hiring contract between subscribers and the Department for the restriction of outward local calls to 20 per day. This move was opposed by the public bodies and users. It was explained in justification of the proposal that there were cases where subscribers were making many local calls a day and also were permitting the use of their telephone to other persons on some nominal payment, thereby leading to congestion in the Exchanges. We are aware that the proposal applied only to telephone exchanges worked by Government and the telephone system in Bombay would not be affected by the same. All the same, as many of our members have interests in places outside Bombay and are thus users of Government local Telephone services, we have thought it necessary to reiterate our opposition to the move. Moreover, there is some

similar power retained in the hiring contract of the Bombay Telephone Company, and if Government themselves were to introduce such a restriction, the Bombay Telephone Company may follow suit and would point out to Government action in that direction to justify themselves. We request that Government should not, at this stage, bring into operation any such restriction which would have a regressive effect on the development of telephone habit in the country.

(*d*) **Purchase of the Bombay Telephone Company by Government.**—It was reported that Government were examining the question of purchasing private telephone systems operating in the country, including the Bombay Telephone Company. We would like to know if any definite decisions have been reached in the matter.

II. Posts and Telegraphs

(*a*) **Postal and Telegraph charges between India and Burma.**—Pursuant to the political separation of Burma from India, the Postal systems of the two countries were treated as two separate units, and the charges for the various services were increased. In view of the closest cultural and commercial relations between the two countries, it was, however, expected that in all matters affecting trade and commerce, the *status quo* would be maintained. Although the Indo-Burma Trade Regulation Order did not contain any specific provision ensuring the continuance of the existing scale of Postal charges, the spirit underlying that arrangement should have prevented any steps being taken by either of the country having the result of increasing such charges. Moreover, the political separation did not necessarily call for the Postal service in Burma being treated as a Foreign service. This view is justified by the fact that even now for Ceylon and Aden, although they are politically separate, the old scale of charges continues. Negotiations for a fresh Indo-Burma Trade Agreement are understood to be in progress, and we request that the opportunity should be taken to press upon the Government of Burma for treating the Postal and Telegraph services between the two countries as a Home Service and

for restoring the scale of charges which prevailed before the separation. In view of the substantial amount of Indian interests in Burma, which necessitate frequent communications between the two countries, we hope that this point would be pursued by the Government of India vigorously.

(*b*) **Postal subsidies.**—The Government of India are granting substantial amounts by way of subsidies for the carriage of mails to steamship companies. With the oft-expressed desire of Government to secure increasing participation of Indian Shipping in the Coastal and Overseas Trades of the country, the question of confining such subsidies to it, as a measure of assistance for developing an Indian Mercantile Marine, will have to be actively and sympathetically considered. We urge that, whenever an existing contract for the carriage of mails expires, Government should divert the contract to national shipping concerns, and in doing so in accordance with the policy of encouraging indigenous concerns, a good measure of preference should be shown to Indian shipping companies. In fact, it should be the anxiety of Government to see that Indian companies are enabled to enter into contract and undertake the carriage of mails, and any measure or direct assistance necessary to achieve this object should be extended.

III. Railways

(*a*) **Increases in railway freights and fares.**—While introducing the Railway Budget, you, Sir, sought to justify the increases in freights and fares mainly on three grounds: (1) revenue exigencies of Government; (2) need for strengthening the Railway Reserves; and (3) — and according to you the most important,—the capacity of the traffic to bear the increases at a time of rising prices. As thus the main ground of justification for the increases was the rise in prices, we would point out that even this excuse does not exist now. Prices are moving in a reverse direction, and in fact the commodity markets are experiencing a heavy slump. Moreover, the Railway earnings for the year have shown a good increase; the total approximate gross earnings from 1st April

to 10th August, amounted to Rs. 37.12 crores, being 396 lakhs more than the actuals for the corresponding period of the previous year. We, therefore, urge that the question should be immediately re-examined and the general increases imposed from March this year should be abolished.

(*b*) **Purchase of Railways by the State.**—The commercial community had always favoured State management of Railways. In fact, the Acworth Committee recommended that policy and Government were also acquiring the Railway systems one by one as and when contracts expired. The observations of the Wedgwood Committee on the question of the policy of State management gave rise, however, to fears that the policy would be reversed. We would, therefore, like to have information if Government have subsequently come to any decision on this very important matter. In the next two years, contracts with the Assam Bengal Railway (31st December 1941) ; the Bombay, Baroda and Central India Railway (31st December 1941) ; and the Bengal and North Western Railway (31st December 1942) ; are due to expire. We would like to know if Government have decided to take over these Railways, and, if so, whether they have given or propose to give the requisite notices to the first two Railways.

IV. Port Trusts

(*a*) **Indianisation of Port Trust Services.**—The question of Indianisation of the services of the various Port Trusts has been agitating the public mind for a very long time. In fact, this was raised by the late Sir Phiroze C. Sethna in the Council of State as far back as 1922. While there has been some improvement since then, the number of Indians in the higher grades in the Port Trust services, still continues to be very small, and particularly for higher appointments non-Indians are still being recruited. We urge that the time has now come when a definite policy should be laid down that all future appointments in the higher grades of the various Port Trust services should be confined to Indians and the pace of Indianisation should be accelerated.

(*b*) **Constitution of the various Port Trusts.**—The question of revision of the existing constitutions of the various Port Trusts and of amending the Port Trusts Acts should also be taken up in hand. The different statutes under which various Port Trusts are constituted were enacted more than 50 years ago, under conditions which may be said to have been completely altered. In almost all the Port Trusts, the Indian interests are always in a minority. Thus, in 1939, in Calcutta, out of a total of 19 Commissioners, only five were Indians; while in Madras and Karachi, the number of Indian Trustees were 5 and 7, respectively, out of a total of 15. In Chittagong, they were only 4 out of 12. The extent of the interests of Indian importers and exporters in the trade of the various ports has increased tremendously in recent years, and it is in the fitness of things that no time should be lost in taking in hand the work of revising the constitutions of the different major Port Trusts.

V. Civil Aviation

Air transport has in recent years made tremendous strides. Its importance has been recognised all over the world and greater attention is being devoted to the development of civil aviation, both as a means of civil internal and external transport and as a second line of Air Defence in times of emergency. In this country, unfortunately, we are still very backward in matters connected with aviation. There are only two or three Indian companies operating civil air transport services. This deficiency is partly attributable to the lack of adequate support from the State. We would suggest that Government should examine the question in all its bearings and take necessary steps to stimulate interest in civil aviation and bring about the formation and promotion of Indian companies for the purpose. Recently a scheme for the training of citizens of the Empire as Air Pilots was started and arrangements were made to train people from all parts of the Empire in Canada; but it would appear that India has not been included in that scheme. We would like to have information if the Government of India were consulted by His Majesty's

Government in this regard. In any case, we suggest that Government should press for facilities for training of Indians as Pilots and in other branches of aeronautical technology. We note that recently Government have made arrangements for securing the training of about 300 pilots and a number of technicians ; but the number covered by the scheme is, having regard to the requirements of the situation, extremely insufficient.

Replies Given by Sir Andrew Clow, C.S.I., I.C.S., Member for Communications, Government of India, at his interview with the Committee of the Chamber on 9th September 1940.

I. Telephone

(*a*) **Reduction in the charges for the Trunk Service.**—The Hon'ble Member pointed out that it would not be fair to isolate the earnings of the Telephone branch from the earnings of the Post and Telegraphs Department as a whole, although *pro forma* accounts for the different branches were being kept and published. He added that an increase in the telephone traffic meant a partial diversion of the traffic which would otherwise have gone by telegram and that the revenues of the Department, taken as a whole, would not justify any demand at present for a reduction in the telephone tariff.

(*b*) **Hours for the Half-rate call.**—The Hon'ble Member mentioned that the half-rate facility according to Government was intended more for social and personal (as distinguished from commercial) use. The reduction in the period was made more with a view to meeting the situation arising out of a great congestion on the trunk lines which had not been substantially eased. He, however, promised to consider the suggestion for the restoration of the half-rate time in the mornings from 6 a.m. to 8 a.m. and at night **from 8 p.m.**

(*c*) **Restriction on outward calls.**—It was not proposed to appply this restriction generally. In certain individual

cases, in view of the large number of calls put through, it was found necessary to use the powers retained under the contract to bring pressure on the subscribers concerned to take up more lines.

(*d*) **Purchase of the Bombay Telephone Co.**—The Hon'ble Member informed the Committee that negotiations in regard to the purchase were still going on.

II. Posts and Telegraphs

(*a*) **Postal and Telegraph charges between India and Burma.**—He pointed out that the Government of Burma were keen on increasing the rates after the separation, although the Government of India would have preferred to continue the old rates.

(*b*) **Postal Subsidies.**—He explained that the payments made to shipping companies for the carriage of mails was not in the nature of "subsidies," and were merely remuneration for the services rendered.

III. Railways

(*a*) **Increase in freight and fares.**—The Hon'ble Member said that according to Government the main justification for the increase was the revenue exigency. No change had occurred in this regard which would justify the matter being reconsidered now. He, however, added that if the increases had the result of affecting movement of trade in particular cases, the railway administration would be prepared to look into the matter and make the necessary adjustments. Incidentally he referred to the enquiry which was going on regarding the demand for increased allowances for railway workers, and pointed out that if the demand was sanctioned, the working expenses of the railways would go up to that extent.

(*b*) **Purchase of Railways by the State.**—He informed the Committee that Government had not yet come to any decision regarding the purchase of the three railways, whose contracts were expiring in the next two years.

IV. Port Trustees

Indianisation of services and revision of the constitution of the Port Trusts.—He noted the views of the Committee in regard to the above matter. As regards Indianisation, he pointed out that no new recruitment, except in exceptional cases, of non-Indians was taking place. Regarding the constitution of the Port Trust, he felt that as far as Bombay was concerned there was no grievance as the Indian Trustees were in a majority.

According to him Indian representation should be roughly proportionate to the share of the Indian interests in the Import and Export trade of the port.

V. Civil Aviation

He referred to the steps that were being taken by Government to train pilots and technicians for military purposes. He observed that in present circumstances developments must be conditioned by war needs, but he did not doubt that many of these developments would prove ultimately advantageous to civil aviation in India which should find itself in a much more favourable position after the war.

VI. Broadcasting Cotton Rates

He promised to look into the suggestion that the programme of broadcasting cotton rates at noon-time should be re-introduced.

APPENDIX 12

Interview with the Chief Commissioner and the Financial Commissioner of Railways

Memorandum on the points for discussion at the interview with the Chief Commissioner and the Financial Commissioner of Railways, on Monday, the 29th July 1940 at 12 noon.

Mr. Wilson and Mr. Staig,

I have great pleasure in welcoming you in our midst today. I take this opportunity of conveying to you, Mr. Wilson,

our congratulations on your recent elevation to the Chief Commissionership.

1. **Recent increases in Railway freights and fares.**—It is true that by now the Railway Board have been fully apprised of the feelings of the commercial community on the increases in railway freights and fares effected from March this year. The Railway authorities on their part have also made it categorically clear that they do not propose to reconsider the matter or revise their decision for the time being. Our only excuse, therefore, in again referring to this question here is that there have been certain developments since Government took their decision which, in our opinion, demand that the position should be reviewed immediately. The Hon'ble the Communications Member in his speech introducing the Railway Budget sought to justify the increase in freights and fares mainly on three grounds. His first contention was the revenue exigencies of Government; the second, the need for strengthening the Railway Reserve position and the third and, perhaps according to him, the most important, the capacity of the traffic to bear the increase at a time of rising prices.

We will take up the last ground first. It is pertinent in this connection to recall that two years ago when we pressed for a reduction in the freight rates on commodities and raw-products like cotton on the ground that prices thereof had declined considerably we were told "that the manipulation of railway rates to meet price fluctuations would not be a sound policy" and that fluctuations in commodity value could not be admitted as evidence of unreasonableness of an existing rate or as justification for reducing it. It was, therefore, surprising to find the Railway authorities themselves bringing forward seriously the small improvement in prices towards the end of last year and early this year as a ground for a general increase in freight rates by 12½ per cent. Apart from the apparent inconsistency as above, even the excuse about the return of prosperity does not exist now. Prices are moving in a reverse direction and the commodity markets are experiencing a heavy slump. Will, it, therefore, be too much to suggest that the Railway authorities, in the light of the altered

circumstances, should review the position immediately and restore the old level of freight rates ?

The revenue position of the railways would also justify this demand for a reduction. For the period commencing from 1st April to 10th June 1940, i.e., nearly two months and ten days, the gross earnings of the State Railways are 193 lakhs more than the actuals for the corresponding period of the previous year.

2. **Exemption from the increase of oil-cakes.**—When the increases in freight rates were announced, it was also mentioned that the same would not apply to fodder and manure among certain other specified articles. Subsequently, it was, however, found that consignments of oil-cakes and cotton seed husks which were being generally used as cattle food were not to be allowed the benefit of this exemption, on the ground that such cakes might be used for other purposes also. Similarly castor cake, which is only used as manure, is not allowed the benefit of the exemption on the ground that the existing classification of manure in the General Classification of Goods does not specifically include castor cake manure. We submit that such objections on the part of the Railway administration defeat the purpose for which the exemptions were granted and urge that oil-cakes should be treated as fodder for the purpose of the above exemption and castor cake, which cannot be used for any other purpose, should be treated as manure and charged accordingly. The Railways may take a declaration from the consignors or consignees that the respective consignments were not intended for any other use. In the matter of castor cake my Committee are informed that the S. I. R., M. S. M. and B. N. Railways are treating the same as manure and are not collecting the surcharge on consignments of such cakes. It is undesirable to have different sets of classification over the different railways and the practice should be made uniform over all the systems.

3. **Establishment of a Rating Tribunal.**—The recent increases in freights and fares have again drawn the attention of the commercial community to the need for a thorough reform of the Rates structure and for the institution of a

machinery for adjusting it. It is inconceivable in any country that a taxation to the extent of over Rs. 5 crores should have been possible by imposing what amounts to a sur-tax on transport charges and that too by executive decision. It is, therefore, our opinion that the time has arrived for creating some kind of machinery, independent of the Railway administration, which will go into the whole question of our rates structure. We had often in the past asked for the constitution of a Railway Rates Tribunal on the lines of similar bodies existing in other countries. In the United Kingdom under the Railway Act, 1921, the rates and charges borne by the users of the Railway are regulated by the Railway Rates Tribunal. The Tribunal also investigates grievances against railways and its decisions are binding on the administration. It consists of three whole-time members ; one with commercial experience ; the second with experience in Railway affairs and the third with legal knowledge. The body has extensive powers and questions such as classification of merchandise, through rates, group rates, terminal charges, packing conditions and even such other small details can be investigated and decided by it. In the U. S. A. decisions connected with rates and fares are subject to confirmation by the Inter-State Commerce Commission. Under the French system also railway decisions affecting rates and fares are subject to confirmation by public authorities. Here in India Government through the Railway Board, who are the virtual owners of almost all the major railways in the country and thus have the monopoly as carriers, themselves decide the rate and the periodical increases without any opportunity for an independent scrutiny into the reasonableness or otherwise of the same.

The existing Railway Rates Advisory Committee is a poor substitute for such an independent authority. The body has very limited powers and is mainly concerned with complaints about undue preference. The decisions are also more or less advisory, it being left to the Railway Board either to reject or to accept them. We are aware that recently certain improvements were made in the matter of the procedure regulating reference of complaints to the Advisory Committee

on the lines of the recommendations made by the Wedgewood Enquiry Committee. This, however, does not meet the demand for an independent Tribunal and my Committee request that the Government of India should consider the question of constituting such a body at an early date.

4. **Composition of the Railway Board — A member with Commercial Experience.**—We have in the past urged the association of an Indian businessmen with the management of Railways in order to supply that much-needed business outlook in running an essentially commercial service. We submit that a start must now be definitely made by adding to the Railway Board one Indian member with commercial experience. The proposals for reforming the existing system of control and management of Railways in India were being held up pending the final decision on the issue of the political Federation. The larger issue of the future position in regard to the control and management of Railways in the country will no doubt come up for examination in connection with any discussion regarding the further stages of constitutional development of the country. In the interval, it is, however, necessary that the existing state of affairs should be improved by including a member with commercial experience in the Railway Board.

5. **Manufacture of Locomotives and Railway Stores in the country.**—The statements made by the Hon'ble the Communications Member and the Chief Commissioner of Railways at the time of the last Railway Budget in connection with the possibility of manufacturing locomotives in the country gave rise to hopes that the project would be undertaken very shortly. The experts who had examined the question had reported that there would be no technical difficulties in the way and that the work could be undertaken as a sound financial proposition. The latest announcement, however, that Government have decided to postpone the scheme till after the war has come to us as a matter of disappointment. The war was there when the earlier statements were made. The war has also offered the necessary incentive and opportunity for developing various other kinds of manufactures and

new industries within the country. It is, therefore, unfortunate that war conditions should have been brought in now as an excuse to shelve this question. For one reason or the other we have waited long enough. On the other hand, my Committee suggest that war conditions and post-war developments in other countries would make it difficult for us to obtain our requirements of locomotives at economic prices; and for that reason it should be the anxiety of Government to proceed with the scheme and to make a start straightaway. My Committee hope that Government will reconsider the matter and will not find it necessary to wait for taking up this question in hand till the end of the war. The present opportunity should also be not missed for examining the question of increased production of railway stores and materials in the country. The manufacture of such stores as are not being manufactured in railway workshops and requirements of which are still being met from imported sources, may be entrusted to private industrialists. There is sufficient enterprise in the country. People have come forward to undertake the manufacture of Aeroplanes and to build ships within the country. If sufficient encouragement is given by Government, industrialists in the country will be prepared to undertake the manufacture of all requirements of railway stores. The Railway Board in their letter to this Chamber, No. 2212, dated the 22nd August 1939, mentioned that items of railway stores such as workshop machinery and equipment, locomotives and boilers, wheels and axles for carriages and wagons, non-ferrous virgin metals, electric plants and machinery, and train lighting equipment were mainly being imported. The letter also added that the practicability of producing certain class of workshop plant and machinery in India was under investigation, that the question of constructing broad gauge locomotives and boilers in one of the repair workshops was being examined and that the Tata Iron and Steel Co., Ltd., was, at the instance of the Board, considering the possibility of undertaking the manufacture of wheels and axles for carriages and wagons in India. My Committee would like to know the progress made in respect of these investigations. They venture

to suggest that the stage for investigation is now past and that definite steps may be taken to bring about the manufacture either in the workshops of the Railways themselves or in workshops started by private enterprise under the assistance of Government of the various requirements of stores for the Railways.

6. **Inter-Class Accommodation over the B. B. & C. I. Railway.**—We had drawn the attention of the Railway Board to the correspondence that had passed between this Chamber and the B. B. & C. I. Railway authorities in the matter of providing Inter-Class accommodation in the Gujerat and Kathiawar Mails of that Railway. In these two trains Inter-Class accommodation along with Third Class is very essential. The Railway is, however, reluctant to accept our suggestion on the ground that such a step would amount to a drop in the Railway revenue inasmuch as it might lead a transfer of a portion of the present Second Class traffic to Inter-Class, without any corresponding diversion from Third Class to Inter. While my Committee do not agree with this view, the same argument might be used in connection with the provision of Inter-Class accommodation in all the other trains of the railway and of the other railways also. It has no special significance in regard to the provision of Inter-Class accommodation in particular trains. As public utility concerns, the railways have certain minimum obligations to perform and their outlook should not be prejudiced by the unreasonable fears of loss in revenue in considering proposals for reform. The necessity for Inter-Class accommodation has now been recognised and the facility is provided on almost all the important railway systems in the country and there is, therefore, no reason why the B. B. and C. I. Railway should deny the facility in particular trains. My Committee desire that the Railway Administration should be asked to reconsider the matter.

7. **Handling of consignments in transit.**—Complaints are frequent about damage done to consignments, particularly of heavy goods, in transit. This is particularly so when consignments have to travel over more than one railway involv-

ing transhipment. Even after extra careful packing at the despatching end, it has been found that when goods reach their destination, considerable damage is caused mainly through lack of care in handling. When complaints are made, one railway tries to shift the blame over to the other, always asserting that so long as the goods were in their possession they were handled carefully and properly. In the case of costly articles, e.g., steel furniture, such damage considerably detracts from the value of the same when received at the destination. Such articles are given at the factories a fine finish involving costly processes and highly-skilled labour and properly packed, and when owing to careless handling in transit, damage is done to the same, considerable difficulty is experienced in restoring the original finish as necessary facilities may not be available at the destination end. It is, therefore, necessary that instructions should be issued to railway employees handling such consignments and in charge of transhipment of the same over the railways to take all possible care and to see that the goods are delivered at destination without any damage.

* * *

Summary of the replies given by the Railway Commissioners at the interview with the Committee on 29th July 1940

1. **Recent increases in Railway freights and fares.**—The Railway Commissioners pointed out that the need on the basis of which the rates were increased in March last still existed, and it was not possible at present, therefore, to consider the question of any reduction. Referring to the President's remarks about the increased earnings of the Railways compared with the previous year, they pointed out that the comparison should be made with the budget figures and that the actual earnings were only more by 1½ per cent than those budgeted for.

2. **Exemption of Oil-cake from the increases.**—The Railway Commissioners agreed that some adjustments would be necessary in the matter of granting exemptions to consignments of oil-cake, including castor cake, for use as manure, and added that the Railways were being instructed that, where

they were satisfied that such consignments were intended for the specific purposes in question, exemptions may be granted.

3. **Establishment of a Rating Tribunal.**—The Railway Commissioners pointed out that there was no justification for the view put forward by the Committee that the Railway Rates Advisory Committee, on account of its advisory character, had not been able to inspire confidence in the public. Out of 54 cases referred to that Committee, 34 cases were decided in favour of the complainants or were compromised and 4 were withdrawn, and in only two cases the Board were not able to accept the decision of the Advisory Committee. In view of this record and in view of the recent changes in the procedure introduced with a view to expediting the references and decisions by the Advisory Committee, they thought that for the present the said machinery should be deemed to meet the requirements of the situation.

Incidentally, they also pointed out that in the U. K. before the war the Rating Tribunal fixed the rates to obtain a standard revenue but the Railways, having regard to trade conditions, were unable to work to these rates.

4. **Composition of the Railway Board — A Member with commercial experience.**—The Railway Commissioners pointed out that the Railway Board at present consisted of a Member, who had long experience as Commercial Manager in one of the Railways, and therefore he might be deemed to be able to look at questions coming before the Board from the business point of view. They also referred to the existence of the Local Advisory Committees and to the "Closer Contact" meetings open to the various sections of commerce and industry, through which the Railways had contact with the commercial community.

5. **Manufacture of Locomotives and Railways Stores in the country.**—The Railway Commissioners pointed out that the Railway Workshops, which the Railway Board had in view for the purpose of starting the manufacture of locomotives were, due to the developments connected with the war, being utilised for the production of munitions ; further, it was

doubtful that the plant, machinery and machine tools necessary for the manufacture of locomotives could be obtained at the present time. The scheme for the manufacture of locomotives in the country had, therefore, to be kept in abeyance. They hoped that, as soon as the war was over, it might be possible to take the matter in hand and stated that in the meantime it was proposed that 20 small broad gauge locomotives for the North Western Railway should be manufactured in the workshops of the B. B. & C. I. Railway at Ajmer.

As regards the purchase of Railway Stores, the Railway Commissioners pointed out that as far as the State owned and managed railways were concerned, it was a matter of definite policy with Government to give preference to stores of indigenous manufacture, as far as they were available. The same could be said generally of Company-managed railways, that they followed the same procedure though they were under no obligation to do so.

6. **Inter-Class accommodation over the B. B. & C. I.**—The Railway Commissioners agreed to bring the matter to the notice of the B. B. & C. I. Railway Administration, who would doubtless give the suggestion their careful consideration.

7. **Handling of consignments in transit.**—The Railway Commissioners informed the Committee that strict instructions had been issued to those concerned in the work of transhipment that care should be taken in the handling of goods; particularly in the case of fragile and damageable goods.

APPENDIX 13

Canvassing by Touts at Railway Premises*

Letter No. 610-T, dated 26th October 1940, from the Railway Board, to Chamber.

With reference to your letter No. 1716, dated 6th July 1939, I am directed to state that the proposal of the Indian

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* For previous correspondence see p. 166, Report for 1939.

Railway Conference Association, to which reference is made by your Chamber, is to amplify the existing rule 17 of the General Rules for All Open Lines of Railways, Part II, as follows :—

Existing Rule 17.	Proposed Rule 17.
"*Unauthorised hawkers.*—Except under and in conformity with the terms and provisions of a licence granted by the Railway Administration in this behalf, no person shall hawk or expose for sale on any train, station platform or premises, any article whatever."	"*Beggars and unauthorised hawkers and touts.*—Except under and in conformity with the terms and provisions of a licence granted by the Railway Administration in this behalf, no person shall hawk or expose for sale on any train, station platform or premises, any article whatever, or tout for transport, or solicit fares for any vehicle. No person, whether in possession of a ticket or not, shall beg or solicit alms, subscriptions or charities, in any part of railway premises or in trains."

2. The Railway Board note that your Chamber is in sympathy with the proposal so far as it purports to prohibit begging and hawking.

3. As regards the prohibition against touting, it will be observed that this relates only to touting by transport agents. There is no intention to curtail any facilities to passengers which may be afforded by the presence of hotel agents, guides for visitors, etc., or such transport agents as work in conjunction with railways. The Chamber will, doubtless, appreciate that Railways cannot reasonably be expected to allow the use of their own premises for purposes of soliciting of custom by rival transport agents to the detriment of their interests. The proposed amendment does not make for any wider powers than those already enjoyed by British Railways. One of the By-laws of English Railway Companies provides as follows :—

"Any person may be forcibly removed from a train or from the Company's premises, who refuses on request to leave in the following circumstances. . . . Where without permission he hawks, sells or exposes for sale any article or touts or plies for or solicits alms, rewards or customs or employment of any description."

4. In accordance therefore with the undertaking given to your Chamber by the Chief Commissioner of Railways the proposal of the Indian Railway Conference Association is forwarded for any comments you desire to make.

Letter No. 2551, *dated* 14*th November* 1940, *from Chamber to the Railway Board.*

I am directed to acknowledge the receipt of your letter No. 610-T, dated 26th October 1940 on the above subject. My Committee regret that the Railway Board are supporting the Railway Conference Association in their proposal to amend the existing Rule 17, so as to prevent persons from touting for transport or soliciting fare for any vehicle on railway premises. There is some justification for railway companies refusing to allow persons to beg or hawk on the railway premises without a licence. My Committee, however, cannot understand what objection there can be to the presence of any genuine and *bona fide* canvassers for, say, any steamship or motor transport company. The railway premises, after all, cannot be deemed to be entirely private premises. They are public premises and it is neither fair nor just for a railway company to attempt to oust people who may be carrying on their legitimate business. It is stated in your letter under reference that "the Chamber will doubtless appreciate that the railways cannot reasonably be expected to allow the use of their own premises for purposes of soliciting custom by rival transport agents to the detriment of their interests." My Committee are sorry that they cannot appreciate these so-called objections of the railways, specially because they do not think that the railway should consider agents of steamship or motor

transport companies as "rival transport agents"; nor do they feel that any working by these agents will be to the detriment of the interests of the railways. The railways are a public concern and my Committee recognise that they should also be run commercially. At the same time, the policy should not be to run the railways as any private capitalistic concern with a view to the furtherance of its own interests. Supposing at a Railway junction like Delhi, where people are coming from long distances all over the country, some owners of Motor buses come and tell them that their buses are running to some places a few miles away. They after all point out to certain facilities which the railway companies have not been able to give. In a similar manner, steamship companies are plying in Bengal, and there is no reason why their agents also should not be allowed on the railway premises to draw the attention of the travelling public to the facilities afforded by their concerns.

Under these circumstances, my Committee are strongly of opinion that the Railway Board should not give permission to the Railway Conference Association to make any alteration and amendment in the existing Rule 17.

APPENDIX 14

Surcharge on coal booked before 1st March 1940

Letter No. 667, dated 14th March 1940, from Chamber to the Railway Board, New Delhi.

I am directed to address you in the matter of application of the increased surcharge with effect from the 1st March 1940 on coal consignments which were booked and loaded upto 29th February 1940.

Messrs. Madhavlal & Co., Ltd., Bombay, in this connection have informed my Committee that their consignments of coal booked and loaded on the 29th February, invoices for

which were prepared on and dated 1st March 1940 and charged at the old rate of surcharge with the remark " increase in freight not to be levied as the wagons were loaded before midnight of 29th February 1940 " on the Railway Receipts from the Despatching station, were on arrival at destination held up and delivery of the same was refused till the increased rate of surcharge was paid. On the party objecting to be charged at the increased rates on the ground that their consignments were booked and loaded before 1st March, the Railway authorities referred to a Government Order to the effect that all consignments invoiced on and after 1st March were to be charged at the increased rate of surcharge and that application should be made for the refund due, if any, later.

My Committee feel that the above referred Government Order requiring consignees to pay the increased rates on consignments booked before 1st March and thereafter to apply for refund later, if true, is unfair in trade. It will be agreed that the procedure for claiming refunds involves much waste of time and considerable inconvenience to the trade. They see no justification for enforcing the higher rates not applicable to such consignments and then asking for applications from consignees for payment of refund of extra charges collected. It is hoped that the Railway Board, in view of the above, will issue necessary instructions to the Railways to collect freight at the old rate of surcharge on consignments loaded before 1st March 1940.

Letter No. 2130 *T.C., dated* 21*st March* 1940 *from the Secretary, Railway Board to the Chamber.*

I am directed to acknowledge the receipt of your letters Nos. 667 and 668, dated 14th March 1940, on the subject noted above.

APPENDIX 15

Railway freight on Hemp

Letter No. 2780, dated 10th December 1940, from Chamber to the Railway Board, New Delhi.

The attention of the Committee of this Chamber has been drawn to the discrepancy in rates of freight for Hemp from certain stations to Calcutta and Bombay. A statement is enclosed herewith, which will show how though the distance to Calcutta is more from those stations than to Bombay, the rates of freight for Hemp for Calcutta are less than for Bombay, e.g., from Seoni to Bombay 657 miles, and Calcutta 740 miles ; the rate for Bombay is As. 14-11 and for Calcutta it is As. 12-2. The result of such discrepancy in freight rate is that the Hemp trade of Bombay has suffered and has been suffering a great deal. It is a mistaken notion that Hemp trade is confined only to Calcutta. Bombay has got certain places nearby where Hemp is grown and if cheap railway facilities are given, there is no reason why Bombay also should not have a developed Hemp trade. Looking to these facts, my Committee hope that the Railway Board will be pleased to arrange for the same parity of rates for Hemp from these stations both for Bombay and Calcutta.

Statement of Distance and Railway-charges * (Rate) from different places to Bombay.

Station.	Distance (Miles).			Railway-charges (rates) per Bengali Maund of 80 Lbs.	
	Miles. (B.N.Rly.)	Miles. (G.I.P. Rly.)	Total Miles.		
Seoni	58	599	657	Rs. 0-14-11	Via Parassia Junction
Chindwara	18	599	617	Rs. 0-13- 7	
Karaboh	39	599	638	Rs. 0-14- 3	
Keolali	91	599	690	Rs. 1- 0- 1	
Palari	83	599	682	Rs. 0-15-10	
Mundla Fort	95	616	711	Rs. 1- 0- 7	Via Jubbulpore.
Nainpore	69	616	685	Rs. 0-15- 8	
Ghunsoor	47	616	663	Rs. 0-14-11	

* The above rates are for Hand-pressed, Machine-pressed and Power-pressed bales.

Distances and rate of freight on Hemp from various stations to Calcutta and Vizagapattam.

Stations.	Distance to Calcutta.	Rate for Calcutta.	Distance to Vizagapattam.	Rate for Vizagapattam.
Seoni	740 Miles.	Rs. 0-12- 2	517 Miles.	Rs. 0-10- 4
Chindwara	780 „	Rs. 0-12- 2	557 „	Rs. 0-10- 4
Keolali	707 „	Rs. 0-12- 0	484 „	Rs. 0-10- 2
Palari	715 „	Rs. 0-12- 0	492 „	Rs. 0-10- 2

Letter No. 2322-T.C., dated 30th December 1940, from the Railway Board, New Delhi, to Chamber.

I am directed to acknowledge the receipt of your letter No. 2780, dated the 10th December 1940, and to say that the matter is receiving attention. A further communication will follow in due course.

APPENDIX 16

Supply of wagons for the transport of coal

Telegram dated 9th October 1940, from Chamber to the Chairman, Coal Wagon Supply Committee, Calcutta.

The attention of Committee of Indian Merchants' Chamber has been drawn to difficulties experienced in securing wagons for transport of coal. In order to obviate difficulties during busy season railway administration themselves were requesting and encouraging merchants and consumers to stock coal during slack season. Accordingly orders for supplies before end of October are pending execution for want of wagons. Moreover as additional surcharge five per cent will come into operation from November it is necessary that such orders based on prices not including surcharge should be completed before this month end. Committee have seen letter dated eighth October addressed to you by Messrs.

Madhavlal and Company Limited which has their general support. Inchambu.

APPENDIX 17

Exemption for oil-cakes and husks from increases in railway rates

Letter No. 668, dated 14th March 1940, from Chamber to the Railway Board, New Delhi.

I am directed to refer to the recent increase in freight rates on railway goods traffic with effect from 1st March 1940 exempting coal, fodder, food grains, etc., from their operation.

In this connection, it has been represented to my Committee that, although oil-cakes and cotton seed husks are cattle foods and are mainly used as such, still for purposes of exemption granted under the abovementioned increase in freight rates on Railway goods traffic, they are neither considered as fodder nor as food grains and consequently are not accorded the exemption which they ought to be granted in the ordinary course.

If this is true, my Committee would like to urge upon the Board the advisability of providing benefit of exemption to all commodities which can be duly classed under the specified exemptions.

It is requested that the Board will be pleased to look into this matter and issue necessary instructions to the Railway Administrations to consider oil-cakes and husks as fodder and give exemption from the operation of the increase in freight rates.

APPENDIX 18

Castor cake manure and exemption from increase in Railway freight

Letter No. 948, dated 24th April 1940, from Chamber to the Railway Board, Simla.

With effect from 1st March 1940 there was a general increase of 12½% on freight rates with the exception of certain specified commodities such as food grain, fodder, manures, etc. Thus manure was one of the items specifically exempted.

It has been brought to the notice of my Committee that, notwithstanding this exemption, castor cake which is used as manure—and being poisonous this cannot be used for any other purpose—is not being treated as manure for the purpose of the above exemption and the increase in rate by 12½% is being recovered from consignments of castor cake sent over the railways. On enquiries made at the office of the G. I. P. Railway here, merchants concerned are given to understand that the exemption in respect of "manures" obtains only for manures as defined by the entry "manures of all kinds including chemical manures N.O.C." in the general classification of goods. The omission to mention separately castor cake manure in the said classification is, therefore, now being used as a justification for denying to castor cake consignments the benefit of the exemption.

My Committee are informed that castor cake, being poisonous, cannot be used for edible purposes or for cattle food, and as far as can be ascertained, the only use to which it can be put is as manure. In the circumstances, even if the heading referred to in the goods classification does not specifically mention castor cake manure, it is reasonable to suggest that the concession in question should be extended to consignments of this manure. Steps may, therefore, be taken to

have the existing entry in the classification amended so as to include castor cake manure, and pending such amendment instructions may please be issued by the Board to treat castor cake as manure for the purpose of the exemption from the recent increase in railway rates.

My Committee hope that the Board will be pleased to issue immediate instructions in this matter.

Letter No. 2130-T.C., dated 9th September 1940, from the Railway Board, Simla, to Chamber.

With reference to your letters No. 668 dated 14th March 1940, No. 703, dated 19th March 1940 and No. 948, dated 24th April 1940 in which your Chamber have asked for exemption from increases in freights on Cotton seed husks and Gowar, etc., I am to say that for the purposes of exemption the term "fodder" applies to "grass green" and "grass dry" which latter includes Bankas grass, Bhoosa, Dhall stalks, Hay, Kirbi, Moonj, Sirkee and Straw as appear in the General Classification of Goods and also to such fodder and forage as during periods of fodder scarcity are carried at special reduced rates under arrangements with the local Civil authorities (vide Chapters VII and II of Indian Railway Conference Association Goods Tariff No. 23). I am to explain that the commodities to which you refer are used largely as "concentrates" and form comparatively minor ingredients of cattle food as against the fodder for which benefit of exemption has been allowed. The exemption of these commodities would involve Railways in unnecessary loss of revenue without any substantial relief to the cattle owners and the Government of India regret that in the circumstances they are unable to see their way to extend the benefit of exemption to them.

2. As regards oil-cake used as manure, I am to say that instructions have already been issued to Railways that in respect of such commodities required to be used as manures but which under the existing rules are not covered by the

term 'manures', adjustments may preferably be made in their basic rates so that the new rates together with the increases do not exceed the rates for manures in force prior to March 1940, provided that satisfactory evidence is available that the commodities in question will be used as manures.

Letter No. 2139, *dated 20th September* 1940, *from Chamber to the Railway Board, Simla.*

I am directed to acknowledge the receipt of your letter No. 2135-T.C., dated 9th September 1940.

My Committee regret that the Railway Board have not seen their way to accept their suggestion for treating oil-cakes as fodder for purposes of the exemption in question.

Regarding oil-cakes used as manure, my Committee note that the Board are issuing instructions regarding certain adjustments being made in the basic rates so that the new rates together with the increase do not exceed the rates for the article in force prior to March, 1940. The concessional rates, will however, be made applicable only when "satisfactory evidence is available that the commodities in question will be used as manure." It would appear, therefore, that in every individual case the Railway Administration concerned will have to be furnished proofs regarding the use of the consignments in question. In this connection, my Committee would like to point out that there are certain oil-cakes which cannot be used for purposes other than as manure. These cakes are castor oil-cakes, mowra cakes and karanja cakes. These cakes are not at all used for edible or for any other purpose. In view of this, it is requested that these cakes may be by name included under the heading manure, so that there would be no occasion for submission of any proofs in respect of these cakes ; such proofs may be required for other kinds of oil-cakes when intended for use as manure. My Committee hope that the Railway Board will be pleased to accept this request.

Letter No. 2141, dated 25th October 1940, from Chamber to the Railway Board, New Delhi.

I am directed to refer to the previous correspondence on the above subject ending with this office letter No. 2139 of the 29th September 1940.

Regarding the question of Railway freight on oil-cake used as manure, in your letter No. 2130-T.C., dated 9th September 1940 you observed as under :—

> "As regards oil-cake used as manure, I am to say that instructions have already been issued to Railways that in respect of such commodities required to be used as manures, but which under the existing rules are not covered by the term 'manures', adjustments may preferably be made in their basic rates so that the new rates together with the increases do not exceed the rates for manures in force prior to March 1940, provided that satisfactory evidence is available that the commodities in question will be used as manures."

My Committee in their letter No. 2139 of the 20th September suggested that the procedure should be further clarified and had requested that oil-cakes which were generally used for manure and which could not be used for edible purposes, such as Castor cake, Mowra cake, Karanja cake, etc., should be specifically included under the heading 'manure' in the Goods Classification.

In the meanwhile, the attention of my Committee has been drawn to the fact that even the procedure suggested in the instructions above referred to is not being adopted by the G. I. P. and the B. B. & C. I. Railways with the result that the increased railway freight, without any adjustment or abatement, is being collected on consignments of cakes even when intended for use as manure. Thus in letter No. R|7|40| Enq.|101, dated 4th October 1940 addressed by the B. B. & C. I. Railway to the Swastik Oil Mills, Ltd., the Railway Company convey their decision not to allow any concession in the following words :—

"On this Railway, oil-cake was not charged as for manures prior to March 1940 and there is therefore no question about adjusting the rates for this commodity."

Similarly, the G. I. P. Railway in their letter No. R.Q. 3175|PII, dated 11th October 1940 addressed to the same Company observe as under :—

"I have to advise you that so far as this Railway is concerned, it has already been decided not to exempt oil-cakes meant for manurial purposes, from the payment of increased charge."

My Committee are surprised at the attitude taken up by the Railway Companies in question. If in the Goods Classification of railways there is no specific mention of oil-cakes under the heading 'manure', it is upto the Railway Administrations to rectify the classification. As was pointed out by my Committee at the interview which they had with the Chief and Financial Commissioners of Railways, the S. I. R., M. & S. M. and B. N. Railways have so amended their classifications as to treat oil-cakes other than gingely and coconut cakes as manure and to charge them accordingly.

Moreover, the continued refusal of the Railway Administrations in question to treat such oil-cakes as manure is in contravention of the spirit of the exemption announced by the Hon'ble the Communications Member at the time of the budget and further goes counter to the arrangement contemplated in the instructions issued by the Board referred to above. After all the spirit of the instructions meant that the rates for all kinds of manure should be so adjusted as not to involve any actual increase in charge on account of the 12½% enhancement effected during the year.

My Committee request that the Railway Board will be good enough to issue clear instructions to the Railway Administrations concerned with a view to the concession in question being extended without any further qualification to consignments of oil-cakes intended for use as manure.

Letter No. 2130-T.C., dated 1st November 1940, from the Railway Board to Chamber.

I am directed to acknowledge receipt of your letter No. 2441, dated the 25th October 1940, on the subject noted above.

APPENDIX 19

Railway freight on Chrome Ore

Letter No. 2188, dated 24th September 1940, from Chamber to the Railway Board.

The Indentors' Syndicate, Gustard Chambers, Sir Phirozshah Mehta Road, Fort, Bombay, have recently established in this Province an Industry for the manufacture of Sodium and Potassium Bichromates. These chemicals are required in a large number of industries such as tanning, dyeing, match-making and paint manufacturing, etc. The Company in question is experiencing certain difficulties in the way of the proper development of their manufacturing efforts. One such difficulty is in regard to the transport of Chrome Ore. The sources of supply of Chrome Ore are Mysore State, Behar and Baluchistan. The entire supply of the Ore from Baluchistan is meant for export purposes ; the other sources thus being Mysore and Behar. The Railway freight from either of these locations to Bombay comes to about Rs. 45 per ton. This heavy rate of charges for transporting the essential raw material comes in the way of the industry working on a satisfactory basis. Uptill now as Ore was only transported for purposes of export, the question of giving any special or concessional rate for its consignments from mining centres in Behar and Mysore to factory ends did not come up for consideration before the Railway Authorities. Having regard to the fact that the industry in question is a pioneer one, and is concerned with the manufacture of chemicals which are required in many other industries, my Committee request that the Railway Board will be pleased to suggest to the Railway Administrations concerned the desirability of intro-

ducing a special concessional rate for the transport of Chrome Ore from supply centres in Mysore and Behar to Bombay.

Letter No. 2292-T.C., dated 18th October 1940, from the Railway Board to Chamber.

With reference to your letter No. 2188, dated the 24th September 1940, I am directed to suggest that you address direct the Railway Administrations concerned in the matter, who will no doubt give your request their earnest consideration and who will be glad to introduce reduced rates for Chrome Ore provided they are satisfied that it will result in a net increase of railway revenues.

APPENDIX 20

Railway Freight on Films

Letter No. 1659, dated 23rd July 1940, from Chamber to the Railway Board, Simla.

My Committee had occasion to address the Railway Board in connection with the general increase by 12½% in railway freight effected from 1st March 1940. The Board in their reply dated the 23rd May 1940, No. 2130-T.C., *inter alia*, observed :—

> "I have also to explain that the Government have recognised that a measure involving general increases might possibly have the result of affecting slightly the movement of trade in certain cases, and in order to meet such cases, railways have already been empowered to make the necessary adjustments in their rates and fares whenever these are necessitated by ordinary trade and traffic requirements."

The case of the transport of films is one in which such a general increase will have adverse effects on the traffic thereof and on the Film Industry and trade as such. There is a fundamental difference between films and other goods and commodities transported over the railways. Commodities and goods move for sale or consumption at market centres,

Films are not sold or consumed. The same film is rented out for use by a large number of cinemas over and over again, situated in different parts of the country involving its transport to and from a number of times. This is a particular feature which has to be taken into consideration in assessing the incidence of freight on transport of films.

One of the main reasons advanced in justification of the general increase in freights at the time of the Railway Budget was the rise in prices. Although since then prices have moved in the reverse direction, it is pertinent to point out that, so far as films are concerned, this factor did not operate at any stage. The price of rental of films did not go up at any time. There was, therefore, no change in the conditions governing the capacity of that traffic to bear charges and as such from that point of view also the increase was not justified. In this connection, my Committee have seen copies of representations submitted by the Indian Motion Picture Producers' Association to the Hon'ble the Communications Member, requesting the exemption of films from the general increase in freight. The case presented therein by the Association has the general support of my Committee and they hope that the Railway Board will be pleased to give the matter their sympathetic consideration.

Letter No. 2090-T.C., dated 23rd August 1940, from the Railway Board to Chamber.

With reference to your letter No. 1659, dated 23rd July 1940, I am directed to enclose for the information of your Chamber a copy of the Railway Board's reply to the representations made by the Indian Motion Picture Producers' Association, Bombay, for the exemption of films from the recent increases in freight, to which a reference has been made in the concluding paragraph of your letter under reply.

* * *

Copy of reply from the Railway Board to the Indian Motion Picture Producers' Association.

With reference to your letters dated the 17th and 23rd February 1940, to the Honourable Member for Communica-

tions and Railways, I am directed to state that the Government of India have carefully considered the representations of your Association on the subject referred to above, but regret that they are unable to agree to grant an exemption from the recent increases in freights to consignments of films. I am to say that the increases in freights on films, as indeed the freights themselves, are relatively small in comparison both to the market and intrinsic values of the films and it is not appreciated how they can have any widespread adverse effect on the Indian Film Industry. If, however, your Association finds that in any particular instance, the increase in freight does in fact hinder supplies of films being made to exhibitors, I am to suggest that the railway or railways concerned in the matter should be approached for any adjustment in freight rates that may be necessary. In this connection I am to invite your attention to the opening speech of the Honourable Member for Communications and Railways, introducing the Railway Budget for 1940-41, in which he gave an assurance that the effect of the increases in freights would be carefully watched by railways and reductions would be made in the new rates in cases where it was found that they were having an adverse effect on traffic and railway revenue.

APPENDIX 21

Limits for articles of special value under Section 75 of the Indian Railways Act, 1890

Letter No. 1961, *dated 27th August* 1940, *from Chamber to the Secretary, Railway Board, Simla.*

I am directed by my Committee to address the Railway Board in regard to the necessity for amending Section 75 of the Indian Railways Act, 1890, so as to increase the present limit prescribed for the carriage of articles of special value.

Under the Section in question, when any costly articles such as precious metals, jewellery, works of art, silk apparel and fabrics, etc., are contained in a parcel or package delivered to a Railway Administration for carriage, and the value

of such articles exceeds Rs. 100, the Railway Administration is not responsible for loss, destruction or deterioration of the parcel or the article unless the contents and value are declared and unless, if so required by the Administration, the parcel is insured. The above limit of Rs. 100 was fixed when the Act was originally framed, i.e., over 50 years ago. Railway travel then had not attained that popularity which it now enjoys. The habits and mode of life of people have also undergone a substantial change. Travel for pleasure or as preliminary to a holiday was perhaps unknown in those days. The personal luggage of a passenger in days gone-by was limited to the barest requirements during the journey or at the destination. Latterly, however, with the improvement in the standard of living new ideas of personal comfort have induced a state of affairs in which passengers when travelling take more luggage which commonly contain some of the articles in the excepted list under Section 75 of the Act. As under the rules in force, the Railway Administration on such occasions insists on the contents of the parcels or luggage being declared and on getting the same insured, passengers prefer to have the luggage with them in their own compartments notwithstanding the incidental inconvenience. This leads to an avoidable blocking of space and loss of accommodation in the compartments.

The habit of insuring parcels and luggage on transit is yet to be developed in the country. There are also certain difficulties in the way, the chief among them being the high limit of minimum insurance charges. The railways recover As. 2 per cent per 100 miles as charges for insurance.

These difficulties were discussed recently at the Local Advisory Committees of the G. I. P. and B. B. and C. I. Railways and as a result thereof the Committees in question agreed to the necessity for effecting certain changes and recommended to the Commercial Committee of the Indian Railway Conference Association the following proposals for adoption :—

1. Section 75 of the Indian Railways Act, 1890, be amended so as to enhance the limit for excepted articles from Rs. 100 to Rs. 300.

2. Rule 127 of the I. R. C. A. Coaching Tariff be amended to permit of the usual free allowance on insured luggage.

3. The term " Insurance charges " wherever it appears in the Coaching Tariff be altered to " increased risk charges."

The above suggestions were placed before the Commercial Committee of the Indian Railway Conference Association and it appears that they were turned down, except the suggestion for amending Rule 127 so as to admit of the free allowance.

My Committee regret that the considered views of the Advisory Committees of two of the major Railways, viz., G. I. P. and B. B. and C. I., were so summarily brushed aside. The said Advisory Committee recommended the changes after having satisfied themselves that the grievances in question were real and that the public were keen about securing an improvement in the position. The Advisory Committees, although they function in an Advisory capacity, are supposed to provide the necessary link between the travelling public and the Railway Administrations. The opinion and suggestions of such Committees are, therefore, entitled to proper consideration and respect at the hands of the Railway Authorities. Such consideration is all the more due and necessary on occasions like the present one when even the official representatives of the Railway Administrations were agreed to the need for the changes in question.

My Committee, therefore, request that the Railway Board will be pleased to reconsider the question and to bring about the necessary changes in the Section 75 of the Act and in the rules in the Coaching Tariff with a view to embodying the changes referred to above.

Letter No. 2176-T.C., dated 18th September 1940, from the Railway Board to Chamber.

With reference to your letter No. 1961, dated 27th August 1940, I am directed to state that the recommendations of the Bombay, Baroda and Central India and Great Indian Peninsula Railway Local Advisory Committees on the subject noted above were carefully considered by the Commercial Committee of the Indian Railway Conference Association who, as your Chamber are already aware, came to the conclusion that there was no real justification for enhancing the minimum value of consignments of luggage for purposes of insurance from Rs. 100 to Rs. 300. They pointed out that the argument that some categories of " excepted articles " exceeding Rs. 100 in value have at the present time become articles of daily use and generally form part of the personal luggage of passengers hardly carried any force if the third and intermediate class passengers formed the great bulk of the travelling public in India, were taken into account. I am to say that the Railway Board gave this matter their full consideration and were unable to see any reason to differ from the views expressed by the Indian Railway Conference Association.

2. I am to add that the Board do not also consider that it is either necessary or desirable to revise the expression " insurance charges." They are not aware that the use of this expression in the Tariff rules for so many years has proved prejudicial to any body.

APPENDIX 22

Catering Contracts over Railways

A summary of views formulated by the Committee of the Chamber on this question.

" 1. **Area Contracts:** Catering at Railway Stations under the existing system is mainly carried on over many railways by contractors. In the opinion of my Committee, the chief criterion by which the railway should be guided in giving such contracts should be that the contractors should be

able to supply articles of food of a standard quality at prices which may be deemed reasonable and cheap. Catering service being essential for passengers, the Railways should not aim at any profit to themselves, nor should their income by rentals be out of proportion to the expenses incurred in providing the facility. If contracts are to be left open for tender, to be given to the highest bidder, perhaps the above object may not be served ; contractors will offer very heavy rentals and try to make it up by charging unreasonable rates to passengers, thus making heavy profits. The result will be that the standard of service will turn out to be very low, the chief sufferers being the travelling public. It is, therefore, necessary to ensure that contracts should be given only to reliable parties who have the necessary resources to give good service, to run the stalls and refreshment rooms on a satisfactory basis and who may be expected to maintain fair standards both in regard to quality and in the matter of prices. The above results, in the opinion of my Committee, can best be achieved by adopting in general a system of area contracts extending over divisions. A contractor who has a number of stations under his jurisdiction will be in a better position to discharge his obligations to the travelling public from more points than one. He has not to depend entirely on the earnings from a particular station to adjust his catering arrangements and the charges for the same. He can buy his provisions and stores in bulk, carry large stock and can pass on the advantages resulting therefrom to the travelling public by maintaining a uniform standard and by charging uniform scales of prices. In the matter of management and supervision also the area system conduces to reduction in overhead expenditure. The above advantages will be lost if a system of local contracts for different stations is adopted.

Unhealthy competition for securing contracts will also be eliminated if the system of contracts by zone is introduced. Only contractors with comparatively larger resources will be able to compete and when it is made clear that observance of fair standards and minimum prices are essential conditions for the continuance of the contract, even when once given,

the tendency to offer unusually large amounts as rental will disappear and a system will develop under which while the railways get a fair and reasonable rent for the facilities given the travelling public will be assured of good service at refreshment rooms and catering stalls managed on a standdardised basis.

There should also, in the opinion of my Committee, be no objection to giving more divisions than one or two for the same contractor. For example, in the case of the First and Second Class Refreshment Rooms catering on European lines, the contract is held by one party for the whole of the railway system as such. In short, the chief aim should be good management, efficient service and cheap and wholesome food, the income to the railway by way of rental being only a secondary consideration.

2. **Fixing of charges to be paid by contractors and renters:** The views of my Committee on this point are covered by the above general remarks.

3. **Periodical revision of rates:** For certain articles such as tea, milk, fruits, biscuits, etc., the rates may be standardised. For other articles the rates in force in the market place nearest to the station concerned should be the guiding factor. A machinery for fixing and revising rates should be determined in consultation with the Local Advisory Committee. If the system of area contracts is generally accepted, the task of fixing rates will also be made easy as more or less uniform can be prescribed for the whole area. Rates may be revised periodically and more often if due to changes in the price levels interim revision appears to be necessary.

4. **Persons to whom contracts should be given:** Preference should be given to contractors with previous experience. Although contracts are to be entered into normally for a specified period, say two or three years, ordinarily renewal of such contracts should be effected as a matter of course and an existing contractor should not be displaced unless the services performed by him are found to be unsatisfactory.

5. **Local or Area Contracts :** As explained in the preliminary remarks, for more reasons than one, my Committee are definitely in favour of the adoption of the system of contracts by areas or zones.

6. **Inspection of foodstuffs :** Over and above the existing arrangement for inspection by station authorities, inspection by special Inspectors and Medical Officers should be more frequent. It is necessary to adopt the practice of placing the inspection reports before the Local Advisory Committee for their information.

7. **Contracts for the sale of ice and aerated waters :** Here also the system of area contracts or preferably contracts for the whole railway line may be adopted with advantage. My Committee approve that such contracts should be for a minimum period of three years.

8. **Vendors at Railway Platforms :** It is necessary to eliminate unhealthy competition in regard to permission to vend miscellaneous articles by restricting the number of such vendors sufficient to cope with the requirements of the particular station ; thus in the matter of fruits, sweets or pan, permission should be given only to a limited number so that it would assure to the vendors a sufficient turnover enabling them to maintain a standard of efficiency at economic rates.

9. **Discrimination in rentals between First and Second Class Refreshment Rooms and Indian Refreshment Rooms :** This is a matter in which the attitude adopted by the railways has come in for a good deal of criticism in the public. In many cases, it has been found that Refreshment Rooms run on European styles were let out at nominal rents and sometimes free of rent. It is argued in justification of this concession that the custom at such stations would not justify an economic rent being charged and that as it was essential to provide catering for passengers requiring meals in European style, the provision of the facility had to be looked at more from the point of view of meeting a necessity. The heavy disparity in the rental as between European Refreshment and Indian Refreshment Rooms gives rise to an impression that

the former are being favoured at the expense of the latter. It is necessary to fix for all such European Refreshment Rooms some standard basis of rent and in cases where due to traffic considerations a concession is deemed necessary the terms of such concession should be determined and settled in consultation with the Local Advisory Committee. The Committee also feel that if what is justifiable for the First and Second Class European style Refreshment Rooms, then similarly where even Third Class Indian Style Catering is uneconomic, but still is a necessity, the Railways ought to give their stalls free or at nominal rentals only.

10. **Departmental catering:** The system of catering by departmental arrangement may also be advantageously tried. It is understood that in Southern India in the M. S. M. and S. I. R., the system is working well. Other railway administrations may follow the example and start Departmental arrangements over particular sections or areas and if the experience is favourable the system may be more generally adopted."

APPENDIX 23

Booking of Cigarette Traffic from Andheri

Letter No. 981, *dated 27th April* 1940, *from Chamber to the Chief Traffic Manager, B. B. and C. I. Railway.*

My Committee are informed that recently the B. B. and C. I. Railway has stopped booking of cigarette traffic from Andheri to stations in Northern India. As cigarette manufacturers situated in the suburbs have drawn the attention of my Committee to the inconvenience caused by this stoppage, I shall be glad to be informed as to the reasons why your Railway company has thought it necessary to close this traffic. Your early reply in the matter will oblige.

Letter No. M.T. 34|40, *dated* 21*st June* 1940, *from the General Traffic Manager, B. B. and C. I. Railway to Chamber.*

In continuation of my letter No. MT. 34|40, dated the 1st May 1940, I beg to inform you that booking was not entirely

stopped from the Bombay district for via Sabarmati Junction, but on account of congestion at that junction such bookings had to be limited to one wagon per day. As however the congestion at Sabarmati Junction has since been cleared orders have been issued for all small traffic from the Bombay district for via Sabarmati to be accepted freely.

APPENDIX 24

Drunken Passengers in Local Trains

Letter No. 609, *dated 8th March* 1940, *from Chamber to the Traffic Managers, B. B. and C. I. and G. I. P. Railways, Bombay.*

The Committee of this Chamber have been lately receiving complaints from some of their members and others with regard to the presence in large numbers in certain local trains in the evening of drunken passengers, who commit all sorts of nuisance, use filthy language, and even several times enter into physical fights with their fellow passengers. It appears that several people from Bombay are going by local trains, both on the G. I. P. and the B. B. and C. I. Railways for drink, to stations which are out of the prohibition bounds, say, for instance, Kalyan on the G. I. P. and Bassein, Virar, etc., on the B. B. and C. I. These people return in the evening and many of them are found in a highly undesirable condition. They become a great nuisance to their fellow passengers and it has become a problem for several respectable people, both men and women, as to how to travel by these returning trains in the evenings. My Committee, therefore, approach you with a request that steps may be taken to prevent this nuisance and to at least safeguard the other passengers against it. A large number of women travel in these trains, and to them specially the presence of drunken passengers is a great danger. Taking into consideration all these facts, my Committee hope that you will be pleased to take early action in the matter.

Letter No. C.G.1|Com.|BB., dated 18th March 1940, from the Traffic Manager, G. I. P. Railway, to Chamber.

In acknowledging the receipt of your letter mentioned above I have to state that the Railway Administration is fully alive to the situation created by the week-end movements of passengers in drunken state by G. I. P. suburban trains between Kalyan and Bombay. While it is not possible to exclude entirely these passengers from our trains, prompt action is always taken to apprehend and prosecute such amongst them who tend to become aggressive or a source of nuisance to other peaceful passengers. To this end the Railway Administration has enlisted the active co-operation of the police and has also started a campaign of intensive checks of suburban trains by Travelling Ticket Inspectors during week-ends. It is hoped that these measures will go a long way in mitigating the evil referred to in your letter.

Letter No. T. 702|39|5, dated 15th March 1940, from the Traffic Manager, B. B. and C. I. Railway, Bombay to Chamber.

I beg to acknowledge receipt of your above quoted letter and to state that the Police have been asked to watch the drunkards.

APPENDIX 25

Postal Rates between India and Burma

Letter No. 1252, dated 31st May 1940, from Chamber to the Director-General, Posts and Telegraphs, Simla.

My Committee had occasion to draw the attention of Government to the difficulties caused by treating the postal systems of India and Burma as separate units consequent on their separation.

An instance of inconvenience and increased burden on account of the changes in question has recently been brought to the notice of my Committee. It appears that, when postal articles, duly stamped and paid for, are sent from India to

stations in Burma and, when they are returned to the sender refused or undelivered, the Burma Government are recovering a special charge for the return service. This was not the case in the past. My Committee would like to have detailed information as to the exact position in regard to this point.

In the specific instance that has been brought to the notice of my Committee, a member of the Chamber recently sent a value payable parcel from here to Chowk, a postal station in Burma for which due postage in Indian postage stamps, viz., Rs. 1-2 was affixed. This parcel was sent against a firm order received from the party in Burma. Unfortunately, however, the addressee in question did not take delivery of the same and the parcel had to be returned through the post to the sender. When the parcel was presented as returned to the sender he was asked to pay a sum of Rs. 1-10 as charges for the return of the parcel levied by the Government of Burma. Besides being an entirely new levy, to which Indian users of the postal system between India and Burma were not accustomed, it is significant to point out that the return charges are higher than the outward charges.

My Committee would like to know if the said charge for the return of the parcel was in order and if so, whether it was a result of the recent changes treating the two postal systems as two independent units consequent upon the political separation. If Government feel that the extra charge recovered above was in accordance with the rules and regulations in force, my Committee would like to urge for their serious consideration that they should take up the matter with the Government of Burma with a view to removing the anomaly and with a view to restoring the old state of affairs whereby no such levy was authorised for the return service.

Your early attention in the matter is requested.

Letter No. P.T.L.|F. 99|40, dated 24th June 1940, from the Director-General, Posts and Telegraphs, New Delhi to Chamber.

In continuation of this office letter No. P.T.L.|F.99|40, dated the 7th June 1940, I am directed to inform you that in

the particular instance complained of by you, the charges collected from the sender of the article were on account of the charges levied by the Posts and Telegraphs Department of Burma towards the return of the parcel to the sender as well as certain non-postal charges like warehousing charges. A similar practice in respect of undeliverable foreign parcels is followed by this Administration, *vide* Clauses 237 and 257-F of the Indian Post and Telegraph Guide.

2. I am to suggest to you to address the Director-General, Posts and Telegraphs, Burma, if more information is required in the matter of the return of the parcel which you have brought to the notice of this office.

3. As regards your suggestion that the matter should be taken up with the Government of Burma, the Director-General is of the opinion that no useful purpose would be served by such a step and therefore, regrets that he is unable to accept it.

APPENDIX 26

Postal Rates on Books and Printed Matter

Letter No. 441, *dated* 16*th February* 1940, *from Chamber to the Director-General, Posts and Telegraphs, New Delhi.*

The attention of my Committee has been drawn to a relative disparity that exists in the postal rates charged on books as compared with those charged on periodicals and magazines. It is obviously an anomaly that prevails in the country since long—inspite of complaints made from time to time by businessmen and legislators alike—and the authorities have not cared to go into the merits of the complaint.

At present newspapers and periodicals are allowed to be posted at the rate of 3 pies for 10 tolas whereas printed books can only be sent by post at the rate of 9 pies for the first 5 tolas and 6 pies for every additional 5 tolas. This comes in the way of a wide demand for books. Books should, my Committee feel, be made cheaper by all possible means that the

authorities can conceive. Governments in the Western world, including the U. S. A., are endeavouring to provide the citizens with wholesome literature at as cheap a cost as possible and one of the means employed by them is a reduction of the postal rates on books.

In announcing the reduction of postal rates on books, President Roosevelt observed that he looked upon this movement as a spontaneous one for popular education and enlightenment.

The higher and discriminatory postal rates on books now prevailing in this country have a definite deterrent effect upon the development of adult education. It is particularly true of persons living in mofussil—and they are nearly 80 per cent of the population—away from big cities and ports, where printing and publishing are not carried out and where there is a wide demand for books. The reduction in postal rates, my Committee think, will be a blessing to educational institutions like schools, colleges and libraries, etc.

My Committee further understand that the war has created a great demand for books on technical, scientific and commercial education. From the point of view of commerce, therefore, it is desirable that there ought to be a considerable reduction in the rates of postal charges so that people in the mofussil and places where there are no large bookshops can order such books from big cities without paying unnecessary higher postal rates.

In view of all this, my Committee would like to urge the reduction of the postal rates on all books and hope that their suggestion will be accepted in the interests of education and knowledge.

Letter No. R.S. 1|40, *dated 20th March* 1940, *from the Director-General, Posts and Telegraphs, New Delhi to Chamber.*

With reference to your letter No. 441, dated the 16th February 1940, I am directed to state that the question of allowing a concessional rate for transmission of books has been considered before. Such a concession in practice, would

be most difficult to work and is likely to be claimed for books of all descriptions, catalogues, pamphlets, circulars, reports and almost any printed matter bound up as a book, however small. It is therefore regretted that it is not practicable to introduce a special rate for parcels of books.

APPENDIX 27

Delay in payment of claim regarding an insured cover lost in transit

Letter No. 1438, *dated* 28*th June* 1940, *from Chamber to the Presidency Postmaster, Bombay.*

Messrs. Govindjee Madhowjee & Co., Ltd., members of this Chamber, have forwarded to my Committee copies of correspondence that has passed between them and the Presidency Postmaster, G. P. O., Bombay, regarding their claim in respect of the above insured letter which has lost in transit. The Company is informed by the Presidency Postmaster that their claim for compensation will be satisfied as soon as the result of the police enquiry is known.

My Committee are unable to appreciate the necessity for asking the claimants to wait for the result of the police enquiry before satisfying their claim. So far as they are concerned, the Postal authorities themselves have admitted the loss of the letter in question in transit. It is, therefore, quite legitimate and reasonable to expect the Postal Department to settle their claim for compensation forthwith. The Company is not concerned with any departmental or police enquiry that may have been instituted, and it is not fair to ask them to wait for the completion of such enquiries. My Committee, therefore, request that you will be good enough to issue necessary instructions for the immediate settlement of the claim in question.

Letter No. L.S.-29, dated 10*th July* 1940, *from the Presidency Postmaster, Bombay, to Chamber.*

With reference to your letter No. 1438, dated the 28th June 1940, I have the honour to inform you that the depart-

mental enquiries as regards the loss of insured letter No. 846 booked by Messrs. Govindjee Madhowjee and Co., Ltd., are being made and on their completion, their claim for compensation will be satisfied as early as possible.

Letter No. 1632, *dated* 18*th July* 1940, *from Chamber to the Postmaster-General, Bombay.*

I beg to acknowledge receipt of your letter No. L.S.-29, dated 10th July 1940, on the above subject. The Committee of this Chamber consider that claims for compensation in such cases should be paid up at once, as is the case with Insurance Companies which conduct enquiries or postpone payment only in case where they suspect any underhand methods having been employed. In view of this, they suggest that payment of compensation to Messrs. Govindjee Madhowjee & Co., Ltd., should not be postponed, pending the departmental enquiries being completed but it should be paid up at once, and the departmental enquiries may be completed to enable the Department to know where the blame lies.

Letter No. L.S.-29, *dated* 31*st July* 1940, *from the Postmaster-General, Bombay to Chamber.*

With reference to your letter No. 1632, dated the 18th July 1940, I have the honour to inform you that the Presidency Postmaster, Bombay, has been asked to pay a sum of Rs. 500 the value of the Stock Exchange insured letter No. 846 dated the 29th April 1940 to Messrs. Govindjee Madhowjee and Co., Ltd., Bombay, as compensation.

APPENDIX 28

Trunk Telephone Charges

Letter No. 269, *dated* 30*th January* 1940, *from Chamber to the Director-General, Posts and Telegraphs, New Delhi.*

The attention of my Committee has been drawn to the change introduced, with effect from 1st January 1940, in regard to the time for the half-rate Trunk Telephone calls. The period for the half-rate service has been reduced from

12 to 8 hours, i.e., from the period 8 p.m. to 8 a.m. to only 10 p.m. to 6 a.m. Apart from the absolute reduction in hours from 12 to 8, the change has the practical effect of doing away with the half-rate facility. The time for the half-rate calls begins at 10 p.m. and naturally when a subscriber puts through a call after 10, it would be some time before he gets his connection. Very few subscribers can afford to sit up at such a late hour or to disturb at the other end any of their friends or constituents with whom they want to get into touch in their sleep. The result will be that for not only the business use, but also social and other important uses the half-rate facility can be of no avail and is considered by the public as to have been completely withdrawn.

The object of the change in question has been given out to be an effort to reduce the existing congestion in the service and to minimise or obviate the excessive delays that are occurring in getting trunk telephone connections at the present moment. As was pointed out by my Committee recently the trunk telephone service was, year after year, being put to increased use and it was the normal duty of the department to equip itself from time to time in such a manner as to meet the natural demand arising out of any development or progress in use.

Even assuming that the volume of traffic on the Trunk Telephone has suddenly increased in such a manner as to necessitate steps for immediate curtailment, in the opinion of my Committee, an attempt to restrict the use of the service by putting terms and conditions which are in the nature of a hindrance, is not the proper remedy. My Committee strongly fear that, if this change is continued, the use of the half-rate service will be eliminated and there is the danger that the regressive effect brought about by immediate circumstances will permanently retard the development of the Telephone habit in the country.

My Committee request that this matter may be reconsidered and that the change in question be abolished without any loss of time.

Letter No. R.S. 3|39|41, dated 15th February 1940, from the Director-General, Posts and Telegraphs, New Delhi to Chamber.

I am directed to acknowledge receipt of your letter No. 269, dated the 30th January 1940, and to say that the enclosed copy of the Press Note which was issued on the 21st December 1939, explains fully the reasons that led Government to introduce the new class of Urgent Trunk Calls and to reduce the half-rate period. As explained in the Note, the measures introduced are of a temporary nature. They will be re-examined after the Department has had at least three months' experience of the new arrangements.

* * *

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

With the compliments of the Director-General of Posts and Telegraphs.

New Delhi, the 21st December 1939.

PRESS COMMUNIQUE

CONGESTION OF TRUNK LINES
IMMEDIATE MEASURES TO BE TAKEN
ABNORMAL INCREASE IN TELEPHONE TRAFFIC

Owing to the abnormally large increase in the volume of trunk telephone traffic especially since the outbreak of War, there has been great congestion on the trunk lines and in consequence excessive delays are occurring in putting trunk calls through. In the months of August, September and October of this year during which there was an abnormally large increase of traffic the number of ineffective calls amounted to 34,258, 60,902 and 32,000 respectively. It is necessary to take steps immediately to remedy this unsatisfactory position.

2. With a view to providing a facility to those who require trunk calls without undue delay, the Government of India have, therefore, decided to introduce a special class of trunk calls designated 'Urgent private inland trunk calls' similar to the classification 'Express' in the case of telegrams.

All urgent private calls will receive precedence over all ordinary calls, private or official, which have been already booked and, among themselves, the urgent calls would be put through in order of the time of booking. The charge for urgent calls will be double the ordinary rate prevailing at the time the call is put through.

3. Further, with a view to reduce the congestion, Government have decided that the existing period during which calls are charged at half the rates should be reduced. This period which is at present from "8 p.m. to 8 a.m." will be changed to "10 p.m. to 6 a.m." These changes will take effect from the 1st January 1940.

4. It should be noted that these changes have been made solely with the object of reducing the present congestion of traffic on trunk telephone lines and to give calls without undue delay. They will be reconsidered when the situation has been eased.

APPENDIX 29

Long Distance Goods Traffic by Road

Letter No. 3883|39-E, dated 1st June 1940, from the Government of Bombay, Revenue Department to Chamber.

I am directed to state that Government is considering the question relating to the possible prohibition or restriction of the long distance carriage of goods by roads as contemplated in Section 43(1) of the Motor Vehicles Act, 1939, and proposes to decide it as early as possible.

2. As far as this province is concerned, there has been a rapid growth of this form of transport in recent years not only between Bombay City and outlying parts of the province, but also between Bombay City and places as far distant as Hyderabad (Deccan), the Central Provinces, the United Provinces and the Punjab, *i.e.*, over distances extending up to 1,000 miles. From information at Government's disposal it

appears for example that some 250-300 lorry-loads a month are coming into Bombay City from places beyond the boundaries of the province and a corresponding number returning to those places. Incoming traffic consists of cotton, jaggery, groundnuts, betel leaves and turmeric, whilst the outgoing consists of any form of general merchandise that can be obtained for a return load.

3. Section 43(1) of the Act indicates that in coming to any decision as to whether the long distance carriage of goods by road should be allowed to continue, the following points need consideration :—

(*a*) the advantages offered to the public, trade and industry ;

(*b*) the desirability of co-ordinating road and rail transport ; and

(*c*) the desirability of preventing deterioration of the road system.

4. There will be general agreement, Government assumes, that where no alternative form of transport exists, there can be no objection to even encouraging the transport of goods by motor vehicles over lengthy distances, as such an action is conducive to opening up new markets for the disposal of produce, etc., and the community as a whole of the area served thereby benefits in varying degrees. The only restriction necessary in such cases is naturally in respect of the type of vehicle used *i.e.*, the laden weight should not reach a point at which undue wear and tear of the roads travelled over would be caused.

5. Deeper consideration of these points is, however, necessary in those cases where an alternative form of transport exists, and in this respect it must be said that as far as the province is concerned the bulk of long distance goods traffic at present carried by road could be carried by rail and was in fact so carried up to a very few years ago. The reason for the change is probably largely to be found in the tariff of rates charged by railway administrations for the transport of different commodities. Under what is known as their rating system

different rates are charged for the carriage of different commodities. Some commodities are carried at extremely low rates and others at rates which appear high in comparison. Their charges for low rated commodities are well below the point at which road transport can hope to compete, but on the other hand there is no doubt that road transport can and does carry the higher rated commodities for less than the charges quoted by the railways.

6. In considering the diversion of a very appreciable amount of goods traffic in this manner from rail to road it is necessary to take full stock of the first two of the points enumerated in Section 43(1) of the Act, viz., is it advantageous to the public, trade and industry, and is it necessary that road and rail transport should be co-ordinated ? It is of course obvious that somebody benefits by a saving in transport charges, but is that somebody the public as a whole, or only certain individuals ? Has the agriculturist in Khandesh for example realised increased prices for his cotton as a result of its cheaper transport to Bombay by road or has the benefit merely been confined to the buyer and the comparatively infinitesimal portion of the community engaged in road transport business ? Has the price of the manufactured article fallen owing to any saving in the cost of transport of the raw cotton from field to mill ? Has the intermittent cheaper transport by road of matches or other similar articles from Bombay to Jalgaon or Dhulia resulted in any corresponding fall in retail prices of those articles at those places ? Has road transport as an alternative to rail transport had the effect of stimulating or increasing any form of trade or industry other than road transport itself and motor vehicles sales ?

7. It can be argued and there is much force in the argument that everybody should be at liberty to utilise the cheapest form of transport available for conveying his goods from place to place. Opponents of this theory however allege that railways are a national necessity and must be maintained in order to provide a means of transport for those commodities which are not readily marketable unless the cost of conveyance to marketing centres is comparatively slight. Coal, grains

and the like are for example carried by rail at rates far below what road transport could ever quote. They say therefore that if there is no restriction on road transport skimming the cream of railway earnings, *i.e.*, taking all the higher rated goods, then the railways in order to balance their budget must perforce increase their charges for the lower rated goods and this would have a very serious effect on the trade of the country as a whole. They continue the argument further by pointing out that any deficit in the railway budget must adversely affect provincial revenues since contributions from central revenues to provincial must necessarily be less on account of the liability incumbent on central revenues to make up the railway budget deficiency. Within reason, therefore, they maintain that road transport should be encouraged as ancillary and not competitive to rail.

8. If these assertions are correct and answers to the queries in paragraph 6 are mainly in the negative, then it appears that a case has in some measure been made out for some restriction on the carriage of goods by road and thereby restoring railway revenues to a satisfactory position. This should not be taken to imply that road transport should be eliminated altogether in favour of the railways. There are undoubted advantages in transport from door to door and the avoidance of double loading and unloading, both where distances are not excessive and/or where the goods concerned are of a perishable or fragile nature. In short distance transport the time factor also is of greater relative importance, decreasing as distances increase. Other instances where road transport might reasonably be permitted over longer distances between two places are those where road communication is direct and rail communication unduly indirect.

9. Apart from what has been stated above there is the question of preventing further deterioration of the road system of the province. Road construction, maintenance and modernisation at a pace equal to that of the growth and demands of motor transport have been an impossibility on financial grounds. Distances are great and even the cheapest

improvements expensive when compared with any additional revenue available to pay for them. The absence of any power hitherto to limit the zone of operation of goods vehicles and the inability to provide funds for any staff to prevent excessive overloading have had their effect, and are illustrated by the way in which provincial road surfaces have gone from bad to worse. It appears essential therefore that some restrictive action should be taken before it becomes too late. It has also been urged that as the deterioration of roads in recent times has been to an appreciable extent due to the use of the roads by heavy motor vehicles, it would not be unreasonable that the latter should bear to a larger extent than at present the cost of maintaining these roads in good order.

10. I am to request you to communicate to Government at an early date the views of your Chamber on the points raised, and in particular on the following :—

(*a*) Should long distance carriage of goods be prohibited or restricted, and in particular from places outside the Province to Bombay City ?

(*b*) If it is to be prohibited, what would be a reasonable radius from its base over which a goods vehicle might be permitted to operate ?

(*c*) In what cases could any restriction as to a reasonable radius of operation be relaxed and for what reasons ?

11. Finally, I would refer to the power of the Provincial Government to fix rates for the carriage of goods by public carriers in order to prevent uneconomic competition, and to the recent affrays between Sikh and Pathan lorry drivers on the Bombay-Agra Road believed to be due to one party undercutting the other. Government would like to know whether it is the view of your Chamber that maximum and minimum rates of freight should be fixed and enforced, and, if so, what should be the reasonable rates per ton per mile.

Letter No. 1683, *dated 25th July* 1940 *from Chamber to the Secretary, Government of Bombay, Revenue Department.*

I am directed by the Committee of this Chamber, in reply to your letter of the 1st June 1940, No. 3883|39-E, on the above subject, to send to you hereby their views regarding the same.

2. Before my Committee answer the specific questions given at the end of your letter, they would like to deal with the observations contained in the body of the letter, specially as they have a bearing upon the abovementioned questions.

3. It is observed in paragraph 2 of your letter that there is a rapid growth of road transport in recent years not only between Bombay city and outlying parts of the Province but also between Bombay city and places as far distant as Hyderabad (Deccan), Central Provinces, United Provinces and the Punjab, i.e., over distances extending upto 1,000 miles. With regard to the traffic in the Province itself, Sholapur to Bombay is perhaps the longest distance for the motor traffic, the distance being about 280 miles. With regard to traffic from outside the Province, the information of my Committee is that there is very little traffic coming, if at all, from the Punjab and the United Provinces at present on account of the natural difficulties as also the rise in the prices of petrol. The main traffic is now coming from Khandesh and H. E. H. the Nizam's Dominions. There can be no question that traffic within the Province and from outside the Province, whatever the distance may be, should be unrestricted and free. Under the new rules and regulations, lorries and buses will have to get themselves registered not only in one province but in all other provinces and at high fees. If in spite of heavy rates and taxes the traffic continues, surely, Government should not interfere and place any artificial and further restraints upon them in the interests of any alternative traffic. Not only this, but looking to the higher prices of petrol prevailing at present, there must have been heavy restriction automatically placed upon such traffic, and my Committee are strongly opposed to any further restrictions being imposed by Government.

4. In the same paragraph, it is observed that some 250 to 300 lorry-loads a month are coming into Bombay city from places beyond the boundaries of the Province and a corresponding number returning to those places. Current regulations restrict such lorries to 30 cwts. chassis, and we may consequently safely compute an average load of 3 tons per lorry. The maximum amount of goods carried would therefore be 900 tons, and surely it is preposterous to argue that 900 tons per month or, if we consider the return traffic also at the same rate, 1,800 tons a month, are in any way calculated to injure the railway which is the only alternative traffic with this competition. It may safely be said that if the traffic, instead of being 250 to 300 lorry-loads a month, were 100 lorry-loads a day, it would not be a serious competitive traffic.

5. This question of rail *versus* road traffic is being now discussed since a fairly long time and there is a certain misunderstanding and misconception created which, my Committee feel, should be removed. It is true that the Railways are a very big and important asset of the State, *i.e.* of the taxpayer, and that the investment in railways amounts to about Rs. 800 crores. It is to the benefit of the State to preserve this asset and to get its income and profits from it. Under the Niemeyer Award, as modified recently by the Order-in-Council, the Provinces also get a certain amount from the Railway revenue. While all this is conceded, it must be borne in mind that the road traffic is also paying its own revenue to the Provinces and the Central Government on account of the duty on petrol and sales tax. There are certain facilities and advantages offered by the motor traffic to the agriculturists, to the ordinary people, to merchants and even to industrialists, which are not offered by the railways. They carry traffic from fields to factories and from door to door, and surely while such facilities are forthcoming, the public should be left to judge which alternative traffic they would choose for the transport of their goods, etc.

6. In paragraph 5 of your letter, it is mentioned that some commodities are carried at extremely low rates and others at rates which appear high in comparison, and their

charges for low rates commodities are well below the point at which road transport can hope to compete ; but on the other hand there is no doubt that road transport can and does carry the higher rate commodities for less than the charges quoted by the railways. It may be mentioned that all the classes of goods mentioned as carried by road transport are at less than half the maximum railway freight rates and it is, therefore, extremely unfair to say that Road transport skims the cream of the freight market.

7. My Committee cannot agree with any inference or implication which Government may wish to draw from their question as to whether the agriculturist in Khandesh has realised increased prices for his cotton as a result of his cheaper transport to Bombay by road or has the benefit merely been confined to the buyer and the comparatively infinitesimal portion of the community engaged in road transport business. As a matter of fact, the farmer has been able to get better prices, to the extent of the difference in the freight charges. Moreover, the course of such prices is dependent not only on the factor of transport, but also on so many other factors. It can, however, be definitely said that the agriculturist does stand to gain by the direct transport of his marketable commodities to his principal markets, instead of sending them first by carts to railway stations and enduring several of the inconveniences and harassments to which at present consignors and even consignees are exposed. The road transport has the definite effect of stimulating and increasing certain forms of trade and industries. My Committee may also bring it to the attention of Government that the development of the road traffic has introduced a mechanical sense in villages and that as a result of this several small industries are likely to be started. It is no small advantage even to the State that small workshops are started at different places as a result of the road traffic. My Committee strongly feel that the whole community benefits as a result of the road traffic and that there is, therefore, a specific analogy between road traffic and rail traffic, which is always put forward as an instance of the benefits going wholly to the community. If the road traffic

offers certain advantages and benefits to the people in general and results in the development of agriculture, and industries, surely, it must be admitted that this particular traffic is equally beneficial as the alternative traffic.

8. With regard to paragraph 7, my Committee agree that everybody should be at liberty to utilise the cheapest form of transport available for conveying his goods from place to place. Further on, it is observed that the opponents of this theory allege that railways are a national necessity and must be maintained in order to provide a means of transport for those commodities which are not readily marketable unless the cost of conveyance to marketing centres is comparatively slight. Railways may be and are a national necessity ; but the road traffic also offers, as previously mentioned, convenient facilities and cheap freight rates. With regard to coal, grains, etc., my Committee believe that the road traffic offers fairly low rates for grains, though they have no knowledge of the conditions in Bengal with regard to coal. My Committee have already observed that there is no such thing as road transport skimming the cream of railway earnings, and that what little traffic at present is carried by motor transport should not in any way be considered to be competitive with the railways taken as a whole.

9. With regard to the argument that any deficit in the Railway Budget must adversely affect provincial revenues, my Committee regret that the Provinces are being induced through such an argument to discourage road traffic in their jurisdiction. Road traffic has proved beneficial to the Provinces, relieved unemployment and afforded facilities both to agriculturists and the industrialists. It also provides to the Provincial Government additional revenues.

10. Coming now to the main questions put forward by Government, my Committee answer them seriatim as under :—

(*a*) The traffic between places in the Province or between places outside the Province and the Bombay City should be entirely unrestricted. If there are any restrictions and limita-

tions to be placed, they may be placed only for the safety of the drivers, passengers and passers-by, but not for anything else ; nor with a view to give any advantages to the railways.

(*b*) & (*c*) These questions do not arise.

11. With regard to the last question, my Committee are sorry that the recent affray, which was a mere local incident, between Sikh and Pathan lorry drivers on the Bombay-Agra Road should have been brought in, to support the argument for fixing maximum and minimum rates for the carriage of goods by public carriers. With regard to this, my Committee here reproduce what they observed with regard to Clause 44(2) of the Motor Vehicles Bill :—

> "To the mind of the Committee, Clause 44(2) is fraught with grave and serious implications. Fixation of minimum and maximum fares is not, even now, a part of the Indian Railways Act, and it was only recently that Government wanted to revise the Railway Law with a view to provide for maximum and minimum fares. To invest the Regional Transport Authority with this power, will mean the deathknell of motor traction. It is true that in order to prevent any grave irregularities in fixing maximum and minimum fares, the decision of some outside authority and the Regional Transport Authority will have, for this purpose, to be delegated with some such power ; but my Committee are strongly of the opinion that any such power, if it is to be given to the Regional Authority, should be hemmed in by such limitations that it may not be possible to abuse the said power."

My Committee firmly adhere to this view and observe that Government should not fix maximum and minimum rates of freight.

APPENDIX 30

Motor Vehicles Act 1939 — Fixing of Maximum and Minimum Fares for Stage Carriages

Letter No. 4585-E|39, dated 11th September 1940, from the Government of Bombay, Revenue Department to Chamber.

I am directed to state that a question on which a decision appears necessary is the fixation of maximum and minimum fares for stage carriages. Power to do this does not lie with Regional Transport Authorities but is vested under Section 43(1) of the Motor Vehicles Act, 1939, in the Provincial Government.

2. In their applications for stage carriage permits intending operators are required to state the fare they propose to charge per passenger per mile. A perusal of the summaries of the applications published in the official *Gazette* reveals a very wide variation in such proposals, the lowest being two pies per passenger per mile and the highest two annas.

3. Low rates have been induced either by internal competition between operators of road services, or external competition from railways, or a combination of both. The lowest quoted rate (2 pies per mile) is for certain routes in Dharwar district wholly competitive with the M. S. M. Railway which has in an effort to kill road competition reduced its fares between certain stations considerably below its normal charge of four pies per mile. The highest rates are proposed for routes where traffic is insufficient to provide a full load of passengers or where operating costs are increased through the payment of additional taxation or monopoly fees to Indian States.

4. The Government of Bombay believes that a would be passenger has the right to expect to be carried at a reasonable charge and to be protected against exorbitant demands. Similarly it believes that no passenger can normally expect to be carried at less than the actual cost of his transport and that it would therefore be wrong in principle to disregard any

attempt by an operator who is financially strong to force a rival with less resources out of business by temporarily reducing fares to an uneconomic level, and raising them again when his object had been achieved. *Prima facie* therefore a case exists for the fixation of maximum and minimum fares the former to protect the passenger and the latter to protect the operator.

5. Before taking action in this connection, however, the Government of Bombay would be glad to have the views of your Chamber together with any other information which the Chamber thinks would assist Government in making its decision. In particular, an opinion might be expressed on the following points :—

(*a*) Should the proposed rates be applicable throughout the province or should they vary according to areas or routes ?

(*b*) If the latter, in what areas or routes within the Chamber's knowledge would higher maxima and minima be justified ?

(*c*) What would be fair maximum and minimum rates either generally or for particular areas or routes ?

(*d*) Can any details be given of operating costs, distinguishing between fixed charges and actual running costs. What would be the variation in a 12-14 seater, 16-18 seater, and 22 seater bus ?

6. I am to add that in exercising any power to fix a minimum rate of fare, due regard would be paid by Government to those cases where any railway administration has sought to kill road competition as illustrated in paragraph 3 of this letter. Exceptionally low railway fares of this nature would come within the meaning of the expression " taking unfair advantage " in Section 43(2) of the Act.

Letter No. 2370, *dated* 16*th October* 1940, *from Chamber to the Government of Bombay, Revenue Deparment.*

I am directed to refer to your letter No. 4585-E|39, dated 11th September 1940 and in reply to send to you hereby the

views of my Committee on the question of fixation of maximum and minimum fares for stage carriages.

In the year 1938, when the Motor Vehicles Bill was under discussion by the Indian Legislative Assembly, my Committee had in a communication addressed to the Government of India, expressed themselves strongly against any provision for fixation of maximum and minimum fares. These views were conveyed to the Government of Bombay in their letter No. 1683 dated 25th July 1940 on the subject of the proposed restrictions on long distance goods traffic by roads. My Committee adhere to the said views, and are opposed to any move for fixing either maximum or minimum fares for stage carriages. They feel that so long as the Provincial Government have no power to fix or regulate rates of fares for Rail transport, it will be extremely unfair to think of controlling or regulating fares for motor transport.

In view of the above, my Committee hope that the Government of Bombay will not proceed further in the matter and will abandon the proposal for fixing maximum and minimum fares for stage carriages.

APPENDIX 31

National Planning Committee — Communication Services Questionnaire on Postal Service

(For the General Public)

1. Do you consider that the postal facilities available in your Province meet sufficiently the requirements of the Public ?
2. Have you any suggestions to make regarding a further increase in the number of Rural Post Offices in your Province ?
3. Do you consider the present organisation of the Post Office Department to be as efficient and suitable as it should be, considering the economic conditions prevalent in the country, and the general habits of the people ? If not, what changes do you suggest ?

4. Do you consider the current Postal rates adequate for the requirements of the country ? If not what modifications would you recommend ?
5. Is it your opinion that by reducing the existing postal rates it will be possible to obtain an increase of revenue due to the greater use of postal facilities by the Public ? If your reply be in the affirmative, would you mention the basis on which your conclusion is based ?
6. Are you satisfied with the working of the Savings Bank Department of the Post Office ? If not, can you suggest any definite line of action by which the usefulness of this important branch of the post office can be enhanced ?
7. Owing to the natural organisation of the Post Office, this important department comes in direct contact with the people of the country even in its remotest corners. Have you any suggestions to make with regard to the utilisation of this Department for the welfare of the people by increasing its subsidiary activities ?
8. With regard to Q. 7, you are no doubt aware that the post office undertakes at present to sell quinine to the public in rural areas. Do you think this duty is being well performed by the Department ? Have you any suggestions to make for the improvement of the above service and also for including in it the sale of any other standard specifics for diseases generally prevalent in rural areas ?
9. Have you any suggestions to make for the improvement of the working of the following important branches of the Post Office : (*a*) Postal Cash Certificates, (*b*) Money Order, (*c*) Registration and Insurance of Postal Articles, (*d*) Postal Life Insurance, (*e*) Savings Bank. Mention any difficulties or inconveniences you might have experienced in transacting business with any of these branches.
10. Do you consider it practicable to utilise the organisation of the post office for spreading knowledge to people

specially in rural areas, in subjects relating to Public Health and Sanitation, Development of Agriculture, and other matters of general nature contributing to the welfare of the people ? Any specific suggestions will be very helpful.

11. Is it your opinion that the Post Office in India should be run on a rigid 'Profit and Loss' basis or as a 'Public Utility' service ? In the latter case, will the Government be justified in having recourses to the method of 'Forced Development' for further rapid expansion of the Department ?

12. Where suitable roads exist, is it your opinion that a system of 'Moving Post Offices' in motor vans should be introduced for bringing postal facilities to the doors of the people, thus popularising the service among common people residing in villages and thereby effecting further expansion of this important public service to the good of the people ?

Questionnaire on Radio Broadcasting

(For General Public)

A. Policy.

(*a*) *General.*

1. In view of the vastness of this country what experience, in respect of finance, organisation, technical development and programme policy should be utilised from among the different countries of the world ?

2. In view of the great potentiality of radio as an aid to mass uplift do you think that the policy of the Government in regard to expansion of broadcasting in India should be a 'forced development' with the help of funds of the Central Government rather than simply letting it grow as the demand increases ?

3. If you favour forced development, what in your opinion ought to be the rate at which the number of radio receivers in use should increase ?

Note :—At present the number of radio receivers per 10,000 persons is roughly as follows in the following countries : India 2.2 ; Japan 220 ; U. S. S. R. 245 ; Great Britain 1,760 ; U. S. A. 2,100.

4. What in your opinion, besides the comparative poverty of the country, are the impediments to the growth of the number of radio listeners in India ?

5. (*a*) Do you consider the present licence fee to be high ? If it is reduced by 50%, how much increase in the number of licences is expected ?

6. Do you think that lack of service facilities and the high service cost are also the reasons for the stunted growth of the number of listeners ?

7. In order to make broadcasting a financial success do you think that sponsored programmes should be encouraged ?

8. What are the reasons for which you advocate further development of broadcasting in India ?

(*b*) *Programme.*

9. Are you of opinion that the present programme policy of the All India Radio has been consistent with the following fundamental objectives desirable for national development : (1) Instilling the idea of common Indian nationality, (2) Promotion of public health and economic prosperity, and (3) spread of general education, culture and entertainment ?

10. Do you think that the time allotted at present for educational broadcast from the A.I.R. Stations is adequate ? Do you consider that there should be collaboration between educational centres such as Universities, etc., and the A.I.R. authorities for such programmes ?

11. How would you distribute the total broadcast time under the various heads, e.g., serious and light music,

informative talks, drama, children and women programmes, weather and commercial intelligence, rural programmes, etc. ?

B. Organisation.

12. Are you of opinion that the administration of the All India Radio Department should properly be vested in a "Central Broadcasting Council" ?

Note :—This Council may consist of : (*a*) representatives of the different regions ; (*b*) one or two eminent educationists ; (*c*) *at least* three radio experts and scientists ; (*d*) representative of the Central Legislative Assembly ; (*e*) one woman member ; and (*f*) the Controller of broadcasting who should be the Secretary of the Council.

13. Give your suggestion regarding the proposed scheme of organisation shown in the sheet enclosed.

C. Radio Receiver and Equipments, their Manufacture, etc.

14. What type of sets you think are suitable for India, and what should be their prices so that they may be within reach of at least middle class people ?

15. Do you think that if such sets are manufactured in India, they will be cheaper ?

16. What steps do you think should be taken for encouraging the manufacture of cheap radio receivers in India ?

17. What is your opinion about such manufacture being undertaken by : (*a*) the Government (for instance, the P. & T. Works at Alipore working in association with the Research Department of the A.I.R.) ; (*b*) Government-aided Companies ; and (*c*) private companies ?

18. What other equipments and apparatus besides the radio receiver, do you think, should be manufactured in this country ?

* * *

Questionnaire on "Line and Radio Communication Services"

(For the General Public)

A. Local Telephone Service.

1. Do you find your local telephone service adequate ?
2. Do you get connection with your correspondent in the same town without loss of time and without mistake ?
3. Do you prefer an automatic exchange to a manual exchange ?
4. Do you find the existing trade and industrial centres in your Province adequately served by local telephone systems and by trunk telephone connections to other parts of the country ?
5. Suggest the names of towns or centres in your Province in which demand for telephony is likely to arise or increase, due to growth of industries and agricultural developments in near future, say in the next 10 years.

B. Inland Trunk Telephone Service.

6. Do you think that the existing trunk telephone service in India is adequate and satisfactory ? If not, mention the difficulties you experience.
7. Do you feel, as a result of your actual experience, that more telephone channels should be available during business hours between important centres of the country, such as Calcutta-Bombay, Bombay-Delhi, Calcutta-Delhi, etc. ?

C. Telegraph and Other Services.

8. Do you prefer telephone to telegraph ?
9. Are the telegraph facilities at present available in the country adequate ? Do you think more telegraph offices should be opened in the interior of the country ?

(For News Agencies and Newspaper only).

10. (*a*) What is, in your opinion, the existing and potential demands for 'Picture transmission service'

(Telegraph service) for the transmission of newspaper matter, photographs, signatures, facsimiles, etc.?

(*b*) Do you think that direct teleprinter service should be extensively introduced for newspaper work and for transmitting news between commercial firms, newspaper offices on the one hand, and telegraph offices on the other ?

D. Radio Telephone and Other Links.

11. Do you anticipate an increased demand for Telephone links with neighbouring countries, such as Burma, Ceylon and African countries, and also with other overseas countries ? If so, give your reasons for expecting such an increased demand.

12. Are you satisfied with the existing telephone service mentioned in Qn. 11 ? If not, what difficulties or shortcomings do you experience ?

E. Radio Telegraph Service.

13. Do you think that the existing radio telegraph services between India and foreign countries adequate and satisfactory ? Are these services fully utilised ? To what further extent are these services likely to be utilised in future by commercial firms and the general public ?

14. Do you find the shore to ship telegraph services in India adequate for your requirements ? (for shipping companies specially).

F. Charges for Services.

15. Do you find that the charges for : (*a*) inland telegram ; (*b*) foreign telegram ; (*c*) local telephone call ; (*d*) inland trunk telephone call ; and (*e*) overseas telephone call are compatible with the economic condition of the country ? Give reasons for your reply.

G. Policy.

16. Do you consider that the expansion of Electrical Communication facilities should be determined by a rigid 'Profit and Loss' calculation, or is it your opinion that further expansion ought to be decided upon a 'future prospect' basis as a Public Utility Service, and the estimated increase of demand should be fostered by a well regulated publicity service ?

Letter No. 271, dated 30th January 1940 from Chamber to the Secretary, National Planning Committee (Communications).

Replies to the Questionnaires issued by the Communication Service Sub-Committee of the National Planning Commitee.

Questionnaire for Postal Service

Q. 1. No. Considering the urban and rural population of the Presidency, which is approximately 28,599,788, we find that the Postal facilities are not adequate to meet the demand of the people. It is found from the report of the work of the Indian Posts and Telegraphs Department that one Post Office serves nearly 8,394 people and one letter box serves 2,117 people in this Presidency. The proportion of such facilities in different parts of the world is : 12 Post Offices for every 10,000 in Canada ; 5 in the United Kingdom and 4 in the U. S. A. The inadequacy of postal facilities in villages is too enormous to view with any satisfaction.

Q. 2. Yes. We feel that as far as possible every village with a population of 2,000 and more should be provided with an arrangement where postcards would be available for purchase and where the same may be mailed without going to a neighbouring post box at a distant place. This would increase the revenue of the Postal Department as well as provide much-needed postal facilities for the villagers. We do not think that such an arrangement would involve any relatively high expenditure. This contention of ours, of course, presupposes the price of a card at half-an-anna instead of three-quarters of an anna as it exists.

Q. 3. We have no reason to suppose that the present arrangement of the Postal Department is inefficient, viewing the conditions of road transport, for, many a time, deliveries in rural areas are delayed not on account of lack of efficiency, but for seasonal changes, e.g., in rainy season due to floods and other exigencies, deliveries are delayed for no fault on the part of the Postal Department. (For the latter part of the question, please refer to our answer to Question No. 2 above).

Q. 4. Please see our answer to Question No. 2.

Q. 5. We do certainly feel that a reduction in charges is likely to have a proportionate increase in the revenue of the Department. Many a time we find that in rural areas, especially, messages are delivered by writing them on ordinary chits and delivered to particular destinations. People take recourse to this inconvenient process—and sometimes such messages are not delivered because they hesitate to spend three-quarters of an anna on a little business ; things probably would change and change for better conditions for either parties if the postcard were made available for half-an-anna.

Q. 6. It is a fact that many people who know only three R's are ignorant of the fact that the Postal Department transacts business in banking as well. We feel that proper publicity by posters and otherwise of the Banking arrangements by the Postal Department can lead to great savings and induce people for thrift and economy. Villagers who could otherwise have made use of this organisation, hoard their little surplus amount, which as a result, remains immobile and is in danger of being stolen away, and therefore, of little use for productive purposes, all this is evidently due to their being unaware of the existence of the organisation and also ignorant of the fact that their savings have a Government security. The rate of interest allowed on such deposits should be increased to attract more deposits, particularly from the poorer classes. From 3% it has gradually been reduced to $1\frac{1}{2}$%. It should now be gradually increased. The limit for the total amount to be deposited in any one year should be raised from Rs. 750 to Rs. 1,200.

Q. 7 & 8. It is in rural areas that the Postal Department can make itself felt in various ways. True, it is that the Department stocks quinine and provides villagers when need for this arises. But we do not think this is all. Through the Post Office a good deal of information can be circulated to villagers on current topics. In the absence of a radio, we think the Post Office is the only organisation which can serve the purpose of a radio. If the Postmaster can take the villagers round him and diffuse information in the evening on every question ; the Postal Department, we feel, can add a great deal to the educational advancement of the rural population. Posters of common appeal having instructional value can also be exhibited at Post Offices. What is needed that the man in charge must be adequately paid to inspire in him that enthusiasm for serving his fellow brethren. It is found that villagers in many cases are even ignorant that the Postal Department stocks medicines for malaria. There should be poster like the one we see of Bayers of " Cafiaspirin ", which at once reminds us that this medicine is a strong remedy for headache. What is needed, in these days, is adequate publicity. People must be compelled to see and cross things, inspite of themselves, and that we feel is the surest way how the Postal or any other public utility service can serve the society in the best possible way. Post Offices should also keep stocks and sell specifics and medicines for cholera, diarrhoea, influenza and small-pox as these diseases take an abnormal toll of life year after year.

Q. 9. People in cities are generally aware of the existence of these branches working under the Postal Department. It is, however, not the case in villages. The main difficulty with the Department in so far as its activities in rural areas are concerned, is that the ignorant mass finds itself difficult to go through the proper process of routine and punctuality. Villagers are not so particular about the opening and close times as the Postal authorities would wish them to be. In the beginning, the Postal authorities ought to accommodate a little and slacken their rigid rules of opening and closing hours. In the long run, when once people get themselves

accustomed to transacting with the office, they may insist on regular hours of work. All that is needed is to attract and acquaint the buyers of the Services of the Postal Department in as many ways as possible. We have also suggested certain reductions in the charges in our general remarks in reply to Question 11 below.

Q. 10. See our answer to Q. Nos. 7 and 8.

Q. 11. While we feel that the Postal Department should be worked on a public utility basis, care should be taken to see that the Department is self-supporting. In order to make it a really public utility service, the present scale of charges, particularly in the branches and services in every day use by the poorer and middle classes of the community should be reduced. Thus, the half-anna postcard should be restored without delay. Charges for inland Money Orders should be reduced to 1 anna for 5 rupees, 2 annas for 10 rupees, 3 annas for 15 rupees and 4 annas for 25 rupees and every multiple thereof. The fees for registration of postal articles should also be reduced to two annas. These are only some instances of immediate changes necessary in the existing scale of charges of the Department.

Q. 12. Yes.

Questionnaire on Radio Broadcasting

A. Policy

(*a*) *General*

Q. 2. Yes.

Q. 4. There are the language difficulties. Besides, every town and large village is not fitted with electric installations, apart from the fact that in villages there is still an agricultural thinking in this machine age, where people are not accustomed to handle delicate instruments with ease and caution.

Q. 5. (*a*) Yes ; we do. The reduction of a licence fee by 50 per cent may not make a proportionate increase in the number of radio listeners ; but such a reduction in licence fee is bound to have a salutary effect in the demand for sets.

Q. 6. Yes.

Q. 7. Yes.

Q. 8. India is still a land of ignorance, illiteracy, superstition and reaction, thanks to the utter indifference of its rulers to speed up the educational and industrial programmes. It would require a thesis to write about the unhygienic and uneconomic conditions of villages as also the great strides that have to be made up even in urban districts as compared with some districts in other countries. We find in radio an instrument which would go a great way to dispel this abysmal ignorance and introduce a ray of sunshine and light in districts and homes where there is none. It is for these reasons that we advocate further development of broadcasting in this country.

(*b*) *Programme*

Q. 9. The All India Radio at present is under the control of the Government of India, who, naturally, are not anxious to allow the radio to be used for furthering the cause of nationalism. All sorts of restraints and restrictions are, therefore, placed on broadcasting and Government put very rigid control over their All India Radio in all the stations. The present programme policy, therefore, necessarily suffers through the lack of any special facilities for promoting the ideas of Indian nationals.

With regard to questions of public health and economic prosperity also that attention which is due is not being paid. With regard to the spread of general education, culture and entertainment we admit that much is being done by the All India Radio even under the present restricted regime ; but much more requires to be done. Perhaps, the radio gives or attempts to give sometimes to people what they want just as the cinema films in the old days used to do. A few pioneers in the cinema industry led the way and gave really original, really cultural and really literary and artistic films and it must be said that the public taste has responded and improved correspondingly. Similarly, good radio programme may also

be given to the betterment of the general literary, educational and artistic notions of the listeners.

Q. 10. The collaboration between Universities and the A. I. R. authorities is quite essential for the purpose of diffusion of liberal knowledge and culture.

B. Organisation

Q. 12. Yes.

Questionnaire on Line and Radio Communication Services

A. Local Telephone Service

Q. 1. Yes.

Q. 2. Yes.

Q. 3. We prefer an automatic exchange to a manual exchange.

Q. 4. The existing trade and industrial centres in this Province are fairly served by the local telephone system and the trunk telephone connection to the other parts of the country. But the Committee of the Chamber had drawn attention in the past to the high rates charged, which comes in the way of a rapid popularisation of the whole system. With scientific and well-regulated rates to suit the needs and convenience of the country, there is no reason why the telephone system in the country should not be as thorough, adequate and comprehensive as that to be found in other advanced countries.

Q. 5. Jalgaon, Dhulia, Amalner, Nandurbar, Vyara, Navsari, Kaira, Viramgam, Baramati.

B. Inland Trunk Telephone Service

Q. 7. Yes.

C. Telegraph and other Services

Q. 8. We certainly prefer telephone to telegraph.

Q. 9. Yes ; in many towns this want is keenly felt especially in business seasons. In a population of about two crores and odd we have in the Presidency only 581 offices, where

telegrams are accepted and delivered. This roughly comes to about 1 office for a population of 59,655 ; while in Canada there are 4 offices for every 10,000 ; 2 in the United States of America ; 3 in the United Kingdom ; and 1 in Japan for every 10,000.

In this connection, the Committee of the Chamber would repeat their suggestion made to the Government of Bombay in the year 1927, for the betterment of agricultural conditions in the province ; that :—

> "Wherever telegraph or telephone lines are laid for Irrigation Department use, these should be made available to the public on payment of usual charges. The present system seems to be that the telegraph instruments are housed in the Irrigation Office and an operator employed. This should be discontinued and the system connected with the nearest Post and Telegraph Office ; Wherever Government Telegraph Office is not existent, the Postal Department should be induced to open one or even subsidise to the extent of half the pay of the signaller, as it will result ultimately in reducing the Irrigation Department's expenses. The benefit to ryot will be facility for weather and market reports as also emergency requirements."

D. Radio Telephone and other Links

Q. 11. Yes ; we do. The economic problems and political conditions are changing so fast that every country desires to keep herself in constant communication with one another. The world is becoming a unified whole, inspite of trade barriers and quota systems, and no nation could afford to be ignorant or indifferent to what happens in the neighbouring parts of the country.

Q. 12. Our only suggestion is that it should be cheaper and less costly than it is today.

E. Radio Telegraph Service

Q. 13. We think every possible use is being made of the service available.

F. Charges for Service

Q. 15. No. It is our confirmed opinion that many people in the Presidency cannot avail themselves of this facility because of their economic inability.

G. Policy

Q. 16. The expansion should be based on future prospects.

II.—FINANCE, TARIFF AND TAXATION.

APPENDIX 32

Budget of the Government of India for 1940.

Telegram dated 4th March 1940 *from the Chamber to the Government of India, Finance Department.*

"Committee Indian Merchants' Chamber have considered the Financial statement presented to the Legislature by the Honourable the Finance Member. They had occasion recently to protest on behalf of the commercial community against the imposition of the Excess Profits Tax and with regard to the increases in Railway rates and fares under the Railway Budget. All these taxes and the other taxes now proposed are sought to be justified by the Finance Member on the ground that prices are higher today by 40 per cent than they were before the war broke out and that these high prices are seen in the case of all products whether agricultural or industrial indicating a return of alround prosperity. Committee do not agree with this view about the rise nor do they think that such a high rise is uniform or to be seen all over the country. They, therefore, do not consider that the increases proposed by the Finance Member in the duty on motor spirit and in the excise duty on sugar are justified at all. The duty on petrol will press heavily upon the poor people, while the increase in the excise on sugar will injure an industry which promises to be one of the leading industries of the country. The tax on petrol will affect not only the rich but also the poor to whom motor transport system has come as a great blessing and the agriculturists who depend on it for the transport of their products to market centres. Some of the Provinces also have taxed petrol and if this additional duty is imposed it will go far to harm the motor transport industry. The production of sugar fell short by about 1,00,000 tons this year. The industry will not be able to bear this further increase in the excise duty. Sugar should form an

important item in the dietary of the people. The per capita consumption of sugar in India is very small as compared with that of economically advanced countries being only 6½ lbs. as against 123 lbs. in Denmark, 121 lbs. in Great Britain and Australia, 95 lbs. in U. S. A. and 24 lbs. in Japan. The Tariff Board in their report in 1938 stated that the additional excise duty levied in 1937 had unfortunate consequences for canegrowers and manufacturers. A further increase in the rate of excise therefore will be detrimental to the interests of the industry and the canegrowers and is not at all justified. These increases in taxation are apparently necessitated by the heavy bill India is called upon to pay for her defence expenditure this being more by over eight crores for next year on account of the war. While His Majesty's Government provide under the Chatfield arrangements three-fourths of 45 crores required for modernising our defence as a free gift the balance of one-fourth had to be paid by this country itself. India is expected to carry out her obligation which was placed upon her of meeting part of the expenditure for her external defence. While Great Britain has immense resources to meet any emergencies or eventualities economically and financially, India is the poorest country in the world and it is not fair to expect her to meet all the heavy military burdens she is now asked to bear. It is surely not fair that she should be called upon to contribute rupees one crore towards the extra cost of maintaining Indian defence troops overseas. Committee take this occasion to reiterate their demand for accelerating the pace of Indianisation of the Army as such a step would bring about an automatic reduction in expenditure. Regarding extra expenditure estimated on the civil side of the defence department Committee would like to protest strongly against the policy that is being followed of keeping Indians and Indian agencies away from all such departments. The total new taxation for the Budget year is over eleven crores ; three crores Excess Profits Tax, 190 lakhs on sugar, 140 lakhs on higher petrol tax, making a total direct taxation of 630 lakhs to which must be added 525 lakhs indirect taxation in the shape of increases in railway

rates and fares. In this connection, Committee wish to refer to the tendency to grossly underestimate revenue. Revenue from Income-tax and Customs were very much underestimated last year. They believe that revenue from Excess Profits Tax is greatly underestimated as also from the duty on silver if the war is expected to continue throughout the year. Committee suggest that military deficits on account of war should be met from loans as is done in western countries. Looking to the expected surplus on the Post and Telegraphs Committee appreciate the promise to extend postal facilities in rural and urban areas and earnestly request that the postcard should be reduced from nine pies to six pies to the benefit of the poor. In conclusion Committee cannot help visaging the future with some alarm in view of the fact that with only six months gone in the war, there has been already such a big rise in taxation and that the Finance Member even hinted the possibility of some further taxation. The Government of India should well bear in mind the fact that India is economically and financially an extremely poor country and cannot, therefore, be expected to bear heavy burdens as Great Britain can bear. It is at this crisis that Committee would like to remind Government of their frequent appeals to raise India industrially, agriculturally and economically so that at such times she can be a big force to reckon with by the enemies of the Empire."

APPENDIX 33

Railway Budget for 1940.

Telegram dated 21st February 1940 from the Chamber to the Government of India, Communications Department.

"Committee Indian Merchants' Chamber view with great concern the statements on the Railway Budget by Hon'ble the Railway Member and Chief Commissioner of Railways made in the two Houses of the Legislature. The business community have been under the shadow recently of the impending grave taxation measure, namely, Excess Profits Tax Bill

and they were hardly prepared for another programme of taxation in connection with the Railway Budget. They have already said what they wanted to on the general policy of taxation elsewhere, but here they must emphatically point out that the increases proposed to be effected in Goods, Parcels and Passenger traffic will hit hard not only the commercial and industrial community but also the agriculturists. In fact the announcement of these taxation proposals caused a drop in cotton and other prices immediately. While foodgrains and fodder are exempted from the operation of these increases commercial crops are included. Committee pointed out not long before that operation of the Excess Profits Tax Bill would result in preventing a rise if not in lowering the prices of agricultural commodities against which they have been protesting practically since the war began. On top of that measure now come these increases which will not indirectly but directly affect the prices of agricultural commodities. Committee cannot help pointing out that while the slump was at its worst and while appeals after appeals were being made to Government for reduction of freight on a commodity like cotton there was no response whatsoever. Now however that there is some opportunity for agriculturists to get better prices for their produce Government propose to come down on them with these heavy increases. Industries will also be affected very much as the transport of raw materials and finished products will have to bear this heavy increase while the increase in passenger fares will also affect trade and industries. Over and above these increases the surcharge on coal, with regard to which the commercial community were pressing for a reduction if not abolition is now proposed to be increased to 15 per cent immediately and 20 per cent during busy season, an increase which will affect not only the coal industry but industries in general. Committee beg to point out that in 1932 increases were effected in Coaching tariff including passenger fares and parcel rates and in 1936 various changes were made in the goods classification with a view to increasing substantially the freight rates on goods traffic. There is a surplus for 1939-40 and there is

expected to be a surplus in 1940-41 and had it not been for the contributions under Separation Convention these surpluses might have been deemed sufficient. Government themselves seem to be satisfied with the returns the Railways get, the Railway Member having pointed out to the favourable returns of Indian Railways as compared with those of foreign railways. In view of all this there is no further necessity for any increases in rates and fares, specially as the Railway revenue would automatically increase during the year owing to war circumstances. Committee consider that the Railway revenue has been under-estimated as it would otherwise have shown an increase of about Rs. 2 crores and a quarter which is just the amount required by Government. Increases in rates and fares with a view to increase revenue for the purpose of adding to or augmenting the Reserves is objectionable in principle ; nor can a policy of effecting such increases for making up the deficit for payment of contributions to the General Revenues be justified. The heavy expenses on the Railways have actually increased since 1924-25, despite earnest appeals from the public to reduce them. Committee earnestly appeal to the Government of India to stay their hands and not to injure trade, commerce, industry and agriculture of the country by the alround heavy increases in Railway rates and fares."

Letter No. 2130 T.C., dated 23rd May 1940 from the Railway Board to the Chamber.

With reference to your telegram dated 21st February, 1940, I am directed to state that the points raised by your Chamber were fully dealt with by the Hon'ble Member for Communications and Railways, in speeches made in introducing the Railway Budget and during the course of discussions on the 22nd and 24th February, 1940, following the presentation of the Budget. I am, however, to take this opportunity to restate briefly the more important considerations which have influenced the Government's decision in this matter.

(*a*) that the present financial exigencies render it necessary that Railways' obligations to the general revenues should be met in full ;

(*b*) that it is most important that, during periods when the demand for railway facilities is brisk, an attempt should be made to secure reserves which will ease the position when depression recurs ;

(*c*) that the moderate increases in freights and fares during a general rise in the commodity prices would not substantially affect the movements of traffic generally.

2. I am also to explain that the Government have recognised that a measure involving general increases might possibly have the result of affecting slightly the movement of trade in certain cases, and in order to meet such cases, Railways have already been empowered to make the necessary adjustments in their rates and fares whenever these are necessitated by ordinary trade and traffic requirements. In this connection, attention is also invited to the assurance given by the Hon'ble Member in his Budget speech, that the effect of these increases would be carefully watched and that if it appears that an individual rate is having an adverse effect on railway revenues, a reduction will be made.

3. I am to state that Government are satisfied that adequate provision has been made for neutralising possible adverse effects of the increases and after careful consideration has decided that no further measures are necessary.

APPENDIX 34

Indo-Japanese Trade Convention and Protocol.

Letter No. 947, dated 24th April 1940 from the Chamber to the Commerce Department, Government of India.

The attention of the Committee of this Chamber has been drawn to the statement made by the Hon'ble the Commerce Member in the Indian Legislative Assembly on 1st

April 1940, in reply to short-notice questions, explaining the position in regard to the temporary arrangement which would govern the trade between India and Japan pending the conclusion of a new Protocol.

At the outset my Committee must express their deep disappointment that notice of denunciation of the Convention was not given in due time. In their letter dated 14th June 1939, No. 1448, my Committee had urged on Government the desirability of such a course so as to be of use as a lever in making Japan to agree to terms which may be fair and equitable for both the contracting parties. The lapse of the Protocol would enable the Japanese Government to increase their exports in the commodities concerned, while the existence of the Convention would prevent India from taking any action which would impinge on the most-favoured nation treatment accorded to that country under the same.

My Committee had, in their letter dated 14th June 1939, referred to above, pointed out the directions in which the old Protocol required to be modified in favour of India. They had in particular drawn attention to the case of the various small industries in the country which were suffering from the effect of competition by corresponding products of Japanese origin and urged the desirability of including adequate provisions to meet the requirements for protection to such industries. They had further pointed out to the need for including a quantitative limitation on the imports of cotton yarn from Japan, the imports being also definitely limited to a corresponding off-take of Indian cotton. They had also indicated the need for reducing the maximum quota for imports of piecegoods allowed to Japan as also for including the imports from areas in China controlled by Japan in the quota. These views were shared by other Indian commercial bodies and were being pressed by unofficial Advisors in connection with the Indo-Japanese Trade Negotiations. In the face of such requests for modifications in the Protocol in favour of India, the terms and conditions under the old Pro-

tocol being considered too favourable to Japan, it has come as a matter of surprise to my Committee that the Government of India, while allowing the Protocol to lapse, should have agreed to a demand for increasing the quota for the imports of Japanese cotton textiles to 400 million yards per annum.

It is pertinent in this connection to mention that latterly Japan has failed to take 1½ million bales of raw cotton per annum prescribed under the Protocol which would entitle her to export to India the maximum yardage of cotton piecegoods. Thus in the years 1937-38 and 1938-39, the first two years under the second Protocol, Japan's off-take of cotton amounted to 1,285,000 bales and for the 10 months of the year 1939-40 the corresponding figure was 867,000 bales. In the face of such a reduced off-take of cotton, it is inconceivable how Japan could have been allowed even the maximum prescribed for piecegoods under the Protocol, let alone any increase thereto.

It would be interesting to know if the maximum of 400 million yards now allowed is composed of the various categories of piecegoods stipulated in the Protocol. It would be very unfair to the Indian industry if Japan were to consider herself free to export piecegoods to the extent of the above maximum without any limitation being placed in regard to the classes of goods so imported. This aspect of the matter requires to be immediately clarified so as to obviate any future misunderstanding and so as to prevent Japan from taking advantage of the present position to develop her piecegoods market in India in any particular variety or class.

In conclusion, my Committee would like to emphasise that before finally committing India to any new terms for the purpose of the revised Protocol, Government should take the commercial community into confidence in regard to the full demands made by Japan and should agree only to such terms and conditions which are generally acceptable to, and have been approved by, such interests. It is very necessary that the commercial interests should be kept, from time to time, informed of the developments connected with the nego-

tiations now going on and my Committee hope that an early opportunity would be taken to call a meeting of the Unofficial Advisers and to have their views on any proposals or demands which may have been put forward on behalf of Japan as part of the new Protocol.

My Committee trust that this matter will receive the early attention of Government.

Letter No. 312 T (2) Sim.|40, dated 25th May 1940 from the Commerce Department, Government of India to the Chamber.

I am directed to refer to your letter No. 1133|158, dated the 15th April 1940, on the above subject, and to say in reply that it was not the intention of the Honourable the Commerce Member, when he answered certain supplementary questions in the Legislative Assembly on the 2nd April 1940, to convey the impression that the Government of India had entered into any arrangement, such as is described, with the Japanese Government. The position is that the latter had announced their intention of increasing the rate of exports of cotton piecegoods to India when the Protocol regarding commercial relations between India and Japan should expire. They had also proposed that in the event of a successful issue of the trade negotiations the allotment of Japanese exports of cotton piecegoods to India should be readjusted and recalculated retrospectively with effect from the 1st of April 1940, in accordance with the terms so reached. The Government of India thereupon replied that they could not give their formal agreement to the above proposals but that in view of the undertaking of the Japanese Government regarding retrospective readjustment of Japanese exports of cotton piecegoods to India they were prepared provisionally to say that they would not regard the operation of the proposals as contravening the undertaking previously given by the Japanese Government that they would not take advantage of the lapse of the Cotton Protocol by allowing heavy shipments of Japanese goods to India.

Letter No. 1346, dated 18th June 1940 from the Chamber to the Commerce Department, Government of India.

I am directed by my Committee to refer to your endorsement No. 312-T(2)|Sim.|40, dated 25th May 1940, forwarding for their information a copy of your letter of that date addressed to the Millowners' Association, Bombay, on the above subject. Even after the explanation contained therein, my Committee feel that it was not proper for the Government of India to acquiesce in allowing Japan to increase her exports of cotton textile to India to a maximum of 400 million yards per annum. Apart from the injustice involved in allowing such increased imports, the incentive to expedite negotiations and to come to a definite agreement at an early date is removed. Japan, with the fore-knowledge that until such time as the new Protocol is entered into, she will be entitled to import cotton piecegoods to a maximum of 400 million yards, may not even mind if the conclusion of a new arrangement is postponed indefinitely. The question of re-adjustment to which a reference is made in Government's letter is of little significance, as, in the meanwhile, the injury to Indian interests by heavy imports from Japan would have caused sufficient mischief.

It is particularly unfortunate that Government should not have, while agreeing to such an increase in the piecegoods quota, at least stipulated a corresponding increase in the off-take of Indian cotton. The basis of the cotton Protocol was that imports of piecegoods were to be linked to the off-take of cotton. Any agreement, therefore, for increasing the imports of cotton piecegoods into India pending the conclusion of a new protocol should have included as a necessary *quid pro quo* agreement on behalf of Japan to a corresponding increase in the off-take of Indian cotton. My Committee hope that the Government of India will be pleased to reconsider the matter and to retrieve the position by expediting the conclusion of the new protocol in the light of the suggestions which have already been placed before Government by commercial bodies and by the Unofficial Advisers and if the conclusion of a new arrangement is likely to take some more

time, at least to secure from the Japanese Government an undertaking to increase their off-take of cotton on a basis definitely linked to the import of piecegoods from that country.

APPENDIX 35

Duty free import of alumina — Manufacture of aluminium in the country.

Letter No. 2083, dated 16th September 1940 from the Chamber to the Commerce Department, Government of India.

On 20th July 1940, the Government of India issued a notification exempting import of alumina from payment of duty in order to enable the manufacture of aluminium to be started in India. The notification provided that the concession would remain in force until the expiry of four years from the date thereof or until adequate supplies of alumina made in India were available at a reasonable price whichever might be earlier ; the decision as to when such supplies were available in India would lie with the Government of India. In this connection, my Committee will be much obliged if Government will be pleased to let them know as to what active steps, if any, have been taken or are in contemplation for the purpose of encouraging the production of alumina from Indian Bauxite in the country.

My Committee understand that in 1938 the Department of Industries, Bombay, discovered valuable high quality Bauxite deposit in Tungar Hill in the Thana District and alumina was produced from such Bauxite on an experimental laboratory basis. It was reported that the Bauxite contained in the deposit was sufficient to keep going a plant with a production capacity of 3,000 tons of alumina per year for a period of about 60 years. In view of the manifest anxiety of Government to develop the production of aluminium in the country, it is hoped that Government will undertake active preliminary investigations to produce alumina within the country.

Recently the Board of Scientific and Industrial Research has been entrusted with the question of various schemes designed to promote new industries and it is suggested that the question of the manufacture of alumina from Indian Bauxite may also be further investigated and explored by the Board.

My Committee hope that Government will be pleased to take active and immediate steps for the establishment of an aluminium industry in India including the manufacture of alumina from Indian Bauxite.

APPENDIX 36

Tariff-valued head for Napupa Seeds.

Letter No. 2358, dated 15th October, 1940 from the Chamber to the Director-General, Commercial Intelligence and Statistics.

My Committee have received complaints that considerable difficulty is experienced by merchants interested in the import trade in Napupa Seeds in the matter of assessment and collection of Customs duty on the same. My Committee are informed that the duty is sometimes collected on an assumed market vaule, which has no relationship to the prices prevailing in the market. The applications made by the merchants to reconsider the value fixed for purposes of recovering duty are often disregarded, with the result that the incidence of duty is at a much higher rate than authorised under the tariff.

In order to obviate chances of grievances on this score, it has been suggested to my Committee that Government should be approached with a request that a tariff-valued head be introduced for Napupa Seeds so that the uncertainty regarding the amount of duty payable may be removed. My Committee commend this suggestion for the favourable consideration of your Department and request that a separate tariff-valued head may be introduced for this commodity from next year.

APPENDIX 37

Banking Legislation.

Letter No. D|7553-F, dated 5th January 1940 from the Finance Department, Government of India to the Chamber.

I am directed to forward herewith a copy of a letter from the Reserve Bank of India, No. ACD.C.56|36-39, dated the 1st November 1939, and of its enclosures embodying the tentative proposals of the Bank on the question of banking legislation. The proposals have not so far received any examination on the part of the Government of India, but it is considered desirable at this stage to elicit public opinion and criticism thereon. I am accordingly to request that you will kindly communicate your views on the proposals, classified as suggested in paragraph 10 of the Bank's letter, to the Reserve Bank of India, Central Office (Agricultural Credit Department), Bombay, with a copy to the Finance Department of the Government of India, within a period of six months from the date of this letter.

RESERVE BANK OF INDIA,
CENTRAL OFFICE,
BOMBAY.

ACD. No. C. 56|36-39. *1st November 1939.*

The Secretary to the Government of India,
Finance Department,
Delhi.

Dear Sir,

BANKING LEGISLATION

For many years, public opinion in this country has been exercised by the desirability of having legislation which will do for banking what the Companies Act and the Insurance Act as recently amended do for companies generally and for insurance. The problem has, however, presented exceptional difficulties, because banking in India is an indigenous product of long standing which has developed on its own lines with its own instruments for the transfer of value and recording of

obligations, so that it is not merely a question of applying models which might be suitable for other countries.

2. The matter has again been brought to public notice by certain recent bank failures which have led to considerable uneasiness, particularly in Southern India, and the Board of the Reserve Bank after giving the matter their careful consideration have come to the conclusion that a detailed and practical consideration of the problem should be no longer delayed.

3. In coming to this conclusion they have given due consideration to the fact that the question was considered in detail by the Legislature comparatively recently in the legislation culminating in the amendments of the Indian Companies Act in 1937 and 1938, and that it might be argued that further time should be given in order to enable practical experience to be gained of these amendments before fresh legislation is undertaken. Even the limited period which has elapsed since the coming into force of the Indian Companies (Amendment) Act has, however, given the Reserve Bank what it considers adequate grounds for recommending fresh consideration of the problem. The definition of banking has, it is understood, created considerable difficulties of interpretation, particularly in respect of smaller institutions describing themselves as banks. Out of a total of 1,421 concerns, which may be considered to be non-scheduled banks operating in British India, only about 672 are providing the returns or maintaining the cash balances required by the new Act, the others claiming that for various reasons they do not fall within the definition of banking companies set out in the Act, and in several cases it is understood that their contention has been upheld by the court. The administrative difficulties of interpretation which are thereby thrown on the Registrars, particularly in such provinces as Bengal where such institutions are numerous, can be easily imagined, as also the increasing difficulty which it imposes upon them of carrying out the functions imposed by the Act of watching the affairs of such institutions as are definitely recognised as banks.

4. A further reason for early consideration of the problem is the differentiation of treatment which the debt restriction measures recently passed or under consideration by Provincial Governments make between scheduled and the non-scheduled banks. The Board agree that it is important that some such differentiation should be made between the larger banks which may be assumed to keep proper accounts, and the smaller in respect of which further local regulation may be necessary to prevent money-lending practices. Unfortunately, however, where such differentiation has been made one result is that certain banks which did not in the past possess sufficient capital resources to bring them within the five lakhs limits prescribed for the second schedule have made such increases as will bring them over the border line, and there are indications in certain cases that this has been effected by manipulations or other transactions which do not really add to the strength of the institution.

5. A further important consideration is that recently brought to the notice of the Central Government by our letter No. C. 199 of the 18th May 1939, which Government agreed with us should be communicated to the public. It is apparent from it that though the penal clauses imposed by section 42 of the Act are amply adequate to ensure that any really solvent institution will maintain its balances at the prescribed level, the Act does not provide sufficient deterrent for those which are in real difficulty, and it is in such cases that in the interest of the depositors special measures would appear to be more particularly required.

6. In the light of the information which we have collected, we have formulated certain tentative conclusions in a memorandum which forms an annexure to this letter. They are based on the general principle that the primary objective must be to safeguard the interest of the depositor. It probably never will be possible by legislation to prevent simpletons from being deceived by specious promises of high profit. A depositor, however, stands on a different footing when he places his money with a bank on current account at a very

low rate of interest or without interest at all, because he thinks that it will be safe. If the Legislature wishes to protect him, and it is obviously in the interest of the development of the country that he should be protected, so as to encourage him to save and to deposit his money with banks as a preferable alternative to hoarding and as a preliminary to investing his money in Government loans or industrial enterprises, we must take such measures as will ensure that any institution calling itself a bank which receives money on current account should first have sufficient resources to enable it to operate on a scale large enough to make it humanly possible for it to make a reasonable working profit even if it has to confine itself to proper banking business ; secondly, that certain minimum restrictions should be imposed on its investments to ensure that there are limits to the loss which the depositor can incur if it fails ; thirdly, provision must be made to expedite liquidation proceedings so that if a bank does fail the depositor will get what is left with the minimum delay and litigation expenses.

7. From this it would follow that the definition of a bank should be made as definite and limited as possible. It is not practicable in a single act to cover all credit operations or to include all institutions which take deposits, nor does it seem necessary to do so, so long as they do not call themselves banks. This will give plenty of scope to institutions under other names which exist for the purpose of financing industries, money-lending, and the like. There is no immediate need to interfere with those so long as they do not call themselves banks and thus attract deposits under the misleading pretence that they really are such.

8. These principles are elaborated in the annexure, but the Board would like to emphasise that they are at this stage merely of a preliminary and tentative character, and set out in this form with the primary object of focussing discussion, because in view of the importance of the question the proposal will have to be widely circulated, so that detailed opinions from all concerned can be received and tabulated before recommendations are made to the legislature.

9. With the object of making clearer the scope of these preliminary proposals the Board has embodied them in the form of a draft bill with cross references to the memorandum. It is not their intention that the draft bill should be regarded as more than merely explanatory at this stage, as they recognise that the comments and suggestions which are likely to be received from the public will in all probability necessitate considerable modifications. In particular, they would like to make it clear that they consider it premature at this stage to come to a decision on the question which was considered by the Legislature in framing the Indian Companies (Amendment) Act, namely, whether the proposals should be embodied in a separate Bank Act or added to existing acts such as the Indian Companies Act. This is a decision which obviously can only be made when the full scope of the proposals which it is intended to present to the Legislature has been more fully determined. If they are comparatively few in number it might be simpler to add them to the Companies Act rather than to frame a separate measure which will incidentally, as the draft bill makes clear, involve the transfer from the Companies Act to the new Act of a certain number of the sections recently added by the Amendment Act. The Board would therefore prefer that attention in the present instance should be concentrated on practical proposals designed to promote banking in India on sound lines and that the question of the most suitable form of embodying them in the law might be left over till later.

10. If the Government are in agreement with this procedure, the Board would be grateful if they would take as early steps as possible to have this letter and its enclosure circulated to elicit the comments and criticisms of the public. To facilitate the examination of the replies they would suggest that those consulted should be invited to classify their replies as far as possible so as to correspond with the paragraphs of the memorandum, fresh proposals being grouped at the end, under paragraphs 38 and 39. To expedite the submission of a considered scheme to the legislature, they would further suggest that a reasonable time limit should be fixed for the

receipt of replies, which should give ample time for banks to consult their head offices wherever situated, even in spite of the delays that may be occasioned by the war.

Letter No. 1088, dated 10th May 1940 from the Chamber to the Secretary, Finance Department, Government of India.

With further reference to your letter No. 4414|33-D, dated the 24th January 1940, I am sending to you herewith a copy of the views of my Committee on the proposals of the Reserve Bank of India on the question of banking legislation.

Views of the Committee of the Indian Merchants' Chamber, Bombay, on the proposals of the Reserve Bank of India for an Indian Bank Act.

Some legislation with regard to Banking was long since overdue. The Committee of this Chamber have been urging incessantly, time after time, that a well-drafted and systematic legislation should be placed on the Statute Book with regard to Banking. There was a holocaust of banks in 1911 and some time following when a tremendously big number of banks were involved in a financial disaster as a result of which many of them went into liquidation involving hundreds of thousands of depositors and shareholders of these banks also in ruin.

This Chamber along with many others pressed at the time for legislation to regulate banking activities. The disastrous nature of the catastrophe that involved the banks can be gauged from the fact that while between the years 1906 and 1913 the number of banks with capital and reserve of over Rs. 5 lakhs increased from 9 to 18 and their paid up capital and reserves amounted to Rs. 4 crores and their total deposits to Rs. 22 crores, the years 1913 to 1924 were a critical period for joint-stock banking in India. As many as 161 banks failed during the years 1913-24.

In 1911, however, Government consulted commercial bodies with regard to banking business.

Again in 1913 Government addressed the commercial bodies as to the desirability of legislation in connection with the use of the term "bank."

In 1920 Government again returned to the charge with a long letter to the commercial bodies asking their opinion with regard to such a change in Form G in the Third Schedule of the Companies Act as would safeguard the interests of the public. They suggested that if such a change were made in the Form G, other more drastic changes in the law might be left for future consideration. Government again asked the views of the commercial community regarding a definite minimum limit being placed on the amount of authorised capital of a bank, as also the percentage of subscribed capital to authorised capital. Another point raised was about there being a necessity for a definite proportion, say 25 per cent or 30 per cent of the face value of the shares being called up before a bank was allowed to begin business. The Committee of this Chamber did not consider it necessary that the Form G should be changed ; nor did they consider it necessary to have a limit placed on the amount of authorised capital of a bank ; nor were they in favour of a proportion being fixed between the authorised and subscribed capital. They, however, agreed that 25 per cent of the subscribed capital should be paid up in two years from the date of the commencement of the business.

The next stage came, when Government appointed the Indian Central Banking Enquiry Committee, as also Provincial Banking Enquiry Committees for all the Provinces in 1930. These Provincial and Central Banking Enquiry Committees gathered a lot of valuable material ; but unfortunately, on account of the pre-occupation of Government with other matters no immediate steps were taken to implement the suggestions whether of the Majority or the Minority Report of the Central Banking Enquiry Committee or of any of the Provincial Banking Committees. Government were busy also with several very far-reaching and important pieces of commercial legislation like the Companies Act, the Income-tax Act, the Trade Marks Registration Act, etc. All that

they could do was to incorporate certain provisions relating to Banking in the Indian Companies Act of 1936. Sir N. N. Sircar, who was in charge of the Companies Act, was understood to have assured the Legislature and the public in general that a comprehensive piece of Banking legislation would follow the Companies Act, but that the provisions incorporated in the Companies Act with regard to banking would serve in the meanwhile and their effects and reactions would be watched with a view to a Banking legislation in future. It is almost 4 years now since the Companies Act was passed in its amended form and it is curious that it is not Government who are consulting the commercial bodies on a Banking Bill drafted by them, but it is the Board of the Reserve Bank of India who have now drafted a Bank Bill and are now approaching through Government the commercial bodies for their opinions and suggestions. The Governor of the Reserve Bank has addressed a letter to the Secretary to the Government of India, Finance Department, explaining the whys and wherefores of the step taken by the Board of the Reserve Bank. The letter mainly centres upon the definition of Bank which, it is suggested, be made as definite and limited as possible ; though with regard to the principles elaborated in the annexures the Board emphasise that they are at this stage merely of a preliminary and tentative character. Even with regard to the actual provisions of the draft Bill, the Board take care to say that the draft Bill should not be regarded as more than merely explanatory. The Governor closes up his letter with the suggestion that "attention in the present instance should be concentrated on practical proposals designed to promote banking in India on sound lines and that the question of suitable form of embodying them in the law might be left over till later." While my Committee appreciate the difficulties surrounding any serious treatment of the subject and any comprehensive legislation regarding banking, they are rather surprised at the halting attitude shown by the Board. Either the Board should have left over the task to Government or if they wanted to handle the subject them-

selves, they should have been more explicit and more emphatic.

My Committee are strongly of opinion that the time has now come when active and vigilant steps should be taken to safeguard the interests of Indian Banks and to secure their progress as against the competition which is getting keener day by day of the foreign banks. In fact, suggestions were made at the time of the Indian Central Banking Enquiry Committee and in the Minority Report of that Committee that restrictions should be placed upon foreign banks. My Committee further suggest that such foreign banks should be allowed to have only one office in each provincial headquarters and they should be precluded from receiving time deposits and doing inland banking business. It is found from experience of years that the freedom which is allowed to foreign banks to do inland banking business has deprived Indian Banks of a good deal of patronage and support. The almost cut-throat competition which the Indian Banks have to face obliges them to quote higher rates of interest for deposits, making it thus easy for foreign banks to out-do them in their business. The aim, for the present, should be that the organisation of finance for internal trade should remain with Indians and Indian institutions, and that foreign banks should not trade with moneys received from Indian depositors in India. There are certain restrictions imposed in some foreign countries on foreign banks doing business and my Committee suggest that as in the case of Insurance Companies, Government should reserve to themselves the power of taking retaliatory action. Even if there be no such legal restrictions in such foreign countries, Indian Banks are not likely to be successful in developing business there owing to a variety of causes.

If, therefore, a Banking legislation for the country is to be considered at this stage, such legislation should cover all aspects connected with the business of banking. In this connection, the Central Banking Enquiry Committee, both in their Majority and Minority Reports had made certain valuable suggestions regarding regulation of banking, control of

foreign banks doing business in the country, the place of indigenous bankers in the future banking system, etc. All these proposals are not covered by the draft Bill prepared by the Reserve Bank. It is, therefore, necessary, before pursuing further with this draft, for Government to ask the Reserve Bank to submit a comprehensive Bill embodying provisions for all the measures of reform suggested by the Central Banking Enquiry Committee. My Committee are further of opinion that a separate consolidating Bank Act should be enacted independently of the Indian Companies Act.

My Committee will now proceed to consider the explanatory Memorandum and the draft Bank Bill.

Definition of the Term 'Bank'

It is true, as observed in the draft proposals that there are several institutions which perform the function of banking, besides other activities, while under no control of any banking laws. My Committee generally approve of the definition of the word "Banking" which will not include Shroffs or indigenous and other bankers. Researches made by Macdonnell and Keith show that the institution of indigenous bankers has been in existence in this country since long and is as old as 600 B.C., if not earlier, and has been working remarkably well in so far as its activities in financing rural needs are concerned. According to the statement furnished by the Governor of the Reserve Bank, it is found that there are nearly 1,421 concerns which do the function of banking, without being under the control of any banking regulations. It may be interesting at this stage to give a little history of how all efforts to define the term "Banking" met with little or no success not only in India, but in many countries of the West. The authors of the Majority Report of the Indian Central Banking Enquiry Committee in the course of their observations on this question said :—

> "Nowhere has a definition of banking been evolved which has met with general acceptance. None of the banking enactments of different countries that we have

seen incorporates definition of the term 'Bank' or 'Banking Business'."

The framers of the Bank Act of Canada, e.g., had to content themselves with merely interpreting the term 'Bank' as meaning any bank to which the Act applied. The Bills of Exchange Act in England similarly laid down that the term 'Banker' included a body of persons whether incorporated or not, and who carried on the business of banking. It was further recommended by many of those who answered the questionnaire of the Banking Enquiry Committee, that no attempt be made to define the term "Banking" by legislation, lest it should give rise to technical difficulties. The Bombay Provincial Banking Enquiry Committee, in the course of their efforts to define 'Banking' observed :—

> "The term banking has defied all attempts at definition, but according to the accepted interpretation of the term, a bank includes every person, firm or company having a place of business where credits are opened by the deposit, or collection of money or currency subject to be paid or remitted upon the draft, cheque or order or where money is advanced or loaned on stocks, bonds, bullion, bills of exchange or promissory notes are received for discount or sale."

The Committee further maintain that it is necessary to provide by law that the use of the term 'Bank' should be restricted to a person, firm or an institution registering itself as a bank and doing exclusively what is understood ordinarily as banking. Fairly exhaustive and helpful as these suggestions are, it would be found that the task of defining the term 'Bank', 'Banker' or 'Banking' which has been well nigh impossible in other countries, is much more so in India, where a definition cannot be drawn up without excluding many firms and individuals who do a large percentage of business akin to banking. The fact would be obvious if we refer to Appendix A of the draft proposals, where it would be found that various means and methods were employed in

withdrawing amounts deposited or borrowed from different financing agencies in the country.

The Committee of this Chamber in their reply to the questionnaire of the Central Banking Enquiry Committee stated that the word "Bank" should be restricted to be used only by ordinary Joint Stock Banks registered under the Indian Companies Act and which carried on lending and borrowing business. They were not in favour of placing any restrictions on firms or companies, though they might be doing banking business, as long as they did not call themselves banks. They agree that companies or firms which do not do any banking business properly so-called should not be allowed to use the term 'Bank' or 'Banker'. This should not mean that Shroffs should be prevented from using the word 'Banker' for their profession, which they are doing at present. They also agree with *Clause* 5 that after the expiry of two years from the commencement of this Act any Company or firm which does not do banking business shall exclude from part of the name under which it carries on business the word bank, banking or banker.

Minimum Capital before a Bank can start Business

Another important proposal refers to the question of minimum capital needed before a banking concern could be started. Instead of a minimum of Rs. 50,000 as paid up capital, as at present, the amount now sought to be recommended is Rs. 1,00,000. It may be mentioned, in this connection, according to figures for 1931 census, that the number of banking houses serving the needs of the people per million in India is 2.5 ; as compared with 273 in U. K., 179 in U. S. A., 417 in Canada, 49 in France, 33 in Germany and 103 in Japan.

Minimum Paid-up Capital

My Committee are afraid that the limit laid down of Rs. 1 lakh would affect many banking concerns and specially indigenous bankers or Shroffs, who would like to do business on modern lines in rural districts and call themselves bankers

and even get themselves registered as Joint Stock Companies. Looking to the dearth of genuine and good banking institutions in the country, the provision perhaps may tend to cripple many of the existing institutions. The same provision enjoins capital of not less than 5 lakhs for a bank doing business at Bombay or Calcutta and not less than 2 lakhs for places with a population of over one lakh. My Committee suggest smaller amounts for all such banks.

Ratio of Subscribed and Paid-up Capital

My Committee are in favour of fixing subscribed capital of a bank as not less than half of its authorised capital, and paid up capital as not less than half of its subscribed capital, as without this restriction, there is a great danger of people floating banking concerns with a very large authorised capital and then commencing business irrespective of the amount subscribed and paid up.

Maintenance of Cash and Unencumbered Government Securities

My Committee are strongly opposed to the principle laid in Clause 11. It is found that generally it is left to Bankers themselves to fix up the proportion of the liquid assets to their total time and demand liabilities, having regard to the existing conditions and their past experience in the matter. To require Indian Banks to maintain a high proportion of liquid assets to their time and demand liabilities will be to inflict upon them a heavy handicap, which will still more weaken them in their competition with foreign banks, or delay the progress of banking in India.

Percentage of British Indian Liabilities to be held in Assets in British India

A further important reform suggested is that banking companies should ensure to maintain a reasonable proportion of their British Indian liabilities in the form of assets in British India, the percentage proposed being 75 per cent. My Committee approve of such a proposal, the principle of which has been accepted with regard to Insurance companies.

Liquidation and Winding up

If a bank goes into liquidation, whether compulsory or voluntary, the creditors—depositors—up to Rs. 500 in the Savings Bank Section should be considered as preferential creditors. It has been found in the case of several banks which have failed recently that the principal people to suffer were poorer classes of people who were attracted to the Savings Bank scheme of such banks by their tempting rates of interest. Again, it happens that whenever there is any rumour about the impending failure of a Bank, the depositors in the current account can withdraw their amounts at moment's notice, but there are restrictions placed upon such withdrawals by the depositors in the Savings Banks. Looking to all these factors the suggestion which my Committee make herein will, they hope, be accepted.

My Committee are of opinion that a Bank's liquidation should be carried out exclusively by the Reserve Bank. This would involve an assurance that, if the Bank was at all capable of being restarted, it would be done ; but, where it cannot be done, both the time and the cost would be saved, to the great benefit of the depositors and the public.

Clause 23 : The power to suspend the operation of any of the sections of the Act for one or more banks or for a particular area be vested in the hands of the Governor of the Reserve Bank to be exercised with the previous permission of the Government of India.

Position of Indigenous and Private Banks

With regard to the position of indigenous and private bankers other than banking companies the Board make it clear that they are not proposing legislation in view of the previous discussions about this question. It must be remembered that the Majority Report of the Indian Central Banking Enquiry Committee laid great stress on the importance of the indigenous bankers and the necessity for keeping this class of persons alive as a vital and permanent asset of the country. The Central Banking Enquiry Committee observed as under :—

"In the first place, some of the indigenous bankers, at any rate, deserve encouragement and help. Generally speaking, the indigenous banker's rates of interest do not compare unfavourably with those of ordinary joint-stock banks and his beneficient sphere of influence is wider than theirs, but he has fallen on evil days. At a time when margins between borrowings and lending rates are diminishing and there is an urgent need for more funds for enabling him to have a larger turnover of business, he finds the sources dried up, due, no doubt, partly to his own fault, but partly to circumstances beyond his control. Secondly, action is necessary in the interests of agriculture, trade and industry of the country. We are impressed by the fact that out of 2,500 towns in India, joint-stock banks and their branches exist in less than 400 places and for banking facilities elsewhere, agriculturists, traders, merchants and small industrialists have to depend largely on indigenous bankers and money-lenders. In many provinces, even in localities where a joint-stock bank or its branch exists, the indigenous bankers continue to render valuable service in connection with the financing of internal trade and middle-sized and small industries and inland remittance work. A large section of the community is thus still dependent on the indigenous bankers for the financial facilities it requires. From a study of the history of the progress of joint-stock banks in India, we are convinced that it will be a long time before India will have a widespread network of joint-stock banks or branches of such banks. Further, although co-operation has, as pointed out in a later chapter, made remarkable progress in the country since the movement first started in 1904, its extension on such a scale as to replace the indigenous bankers cannot be envisaged within a measurable distance of time. The Imperial Bank of India which has opened 100 branches during the last ten years in accordance with the agreement entered into with Government under the Act governing their operations, in view of the fact that many branches have not yet reached

the profit-earning stage is not likely to go in for further schemes of expansion for some years to come. We think it therefore of the greatest importance that in the interests of both the general public and the indigenous bankers themselves, steps should be devised to strengthen the position of these bankers."

Mr. Manu Subedar, who wrote the Minority Report of the Indian Central Banking Enquiry Committee, observed as under in connection with the part played by the private banker :

"The private banker has played an important part in the economic life of the country in the past and is playing it today. His fortune is bound up with that of the community, and the community's fortune is bound up with his. In many a crisis, he has stood with his constituents and the fact that he has made his money from the community, gives him in normal times that restraint, sympathy and fellow-feeling, which is a surer check to abuses than any legislation."

The Banking Enquiry Committee further observed that as soon as the Reserve Bank was established the indigenous banker should along with joint-stock and co-operative banks be brought into direct relations with the Reserve Bank and thereby provided with rediscount facilities from that institution.

Sir George Schuster, the then Finance Member of the Government of Idia, was equally emphatic with regard to the importance of indigenous bankers. He observed :—

"I want to make it quite clear that we recognise that until the vast portion of India's banking and credit machinery, which is represented by the indigenous bankers, is put into gear with the relatively small machine of the modernised money market, with the Reserve Bank as its central control, it will be impossible for the Reserve Bank to exercise that full control of currency and credit of

India which is understood as the function of a central bank in western countries ; and it will be equally impossible for the masses of the people who populate the countryside of India to get the full benefits of credit and banking facilities on reasonable terms which a well organised system of banking ought to give. That, I believe, is one of the greatest problems of the future for India, and it is a problem which I at any rate personally feel must be thought of not in terms of displacing the vast masses of indigenous bankers throughout the country, but of making the fullest use of them by adapting their methods so that they may fit in with the modern banking system and the central bank ; but unfortunately, it is a problem which we could not possibly tackle in connection with this Bill."

Unfortunately, notwithstanding all this, no tangible result came out of the discussions between the Reserve Bank and the commercial community on the question whether statutory provision should be made to regulate private bankers.

In the early stages of the discussion for the linking of indigenous bankers with the Reserve Bank of India, one essential condition which was put forward by the Reserve Bank was that their banking business should be legally segregated from their other businesses. However, as a result of further discussions between the Reserve Bank and the representatives of indigenous bankers and the commercial community this condition was dropped and the Reserve Bank in their draft scheme dated 26th August 1937 observed that " however, we may drop the suggestion of legal segregation by incorporation under the Companies Act as the suggestion has not received any support from the indigenous bankers." It will be pertinent to examine here the terms and conditions which were finally proposed by the Reserve Bank for the purpose of such direct linking. The central features of the draft scheme formulated by the Reserve Bank were :—

1. confinement to business permitted under Section 277F and 277G of the Indian Companies Act, which meant the elimination of non-banking business ;
2. maintenance of proper books of account to be audited by registered accountants and to be kept open for inspection by the Reserve Bank ;
3. publication of accounts according to the requirements of the Companies Act and supply of periodical returns to the Reserve Bank ;
4. supervision of and control by the Reserve Bank ;
5. exemption from the compulsory deposits under Section 42 of the Reserve Bank Act for a period of 5 years from the date of registration, unless any of their weekly statements disclosed that their time and demand liabilities were in excess of five times their capital in business ;
6. unlimited liability of the members who did not get themselves registered under the Companies Act ; and
7. the member bankers to disclose the names and the extent of interest of their business partners, if any, and in case of Hindu Joint Family membership, the names and interests of the co-sharers. In both the cases under this item the co-sharers would be required to give an undertaking to take their full share in the business and its liabilities.

The Bombay Shroff Association, after fully considering the above scheme, had agreed to most of the terms. Their suggestions and views on the above conditions were as under :—

In regard to the first condition which required confinement to business permitted under Sections 277F and 277G of the Indian Companies Act, the Association agreed to the elimination of speculative business but not all business. Along with the banking business, they asked for the continuance of hereditary business till such time as the development of banking business proper became

sufficiently remunerative. Conditions 2, 4, 5, 6 & 7 were agreed to without any modification. In regard to the third condition, viz. publishing periodical returns, the Association only objected to open publication but accepted the principle that all particulars should be supplied to the Reserve Bank.

Thus the main difficulty centred round the condition about confinement of business to banking proper. The indigenous bankers held and rightly so that they should not be asked suddenly to give up all their traditional connections and business and that the only ban should be in regard to speculative business. The above views of the Shroff Association had the general support of the Committee of the Chamber and they feel that with the modifications urged by the Association the scheme should be put into force. It is rather unfortunate that a solution of this difficulty could not have been found and that the whole scheme is left in abeyance at this stage. Now the Board merely say that after careful consideration they are unable to suggest any practical lines on which they can proceed in this direction at present.

An attempt is made in paragraphs 28, 29 and 30 to show how the licensing and registration of indigenous bankers may not be considered feasible or practicable from the point of view of the safeguarding of depositors ; prevention of usurious practice, and enabling the Reserve Bank to determine the circumstances in which it might assist such banks.

With regard to the first point, the Board observe that there is no case made out for special legislation to protect depositors from the depredations of the private banker who generally does not borrow on current accounts. With regard to the second point, they say that the length and complications of money-lending measures as passed by the provinces would gravely complicate any proposed Bill ; and with regard to the third point they say that it is perhaps complicated and not practicable to ask them to send periodical accounts of all their affairs including their non-banking activities, while to ask them to segregate a part of their assets and constitute that

part as a purely banking concern would not be likely to appeal to them. For all these reasons the Board are not in favour of making any provision for private bankers in the Bill at present, but suggest that the definition of banking might be so worded that if at a later stage practical proposals emerge it will be a simple matter for the legislature to fit them into this measure.

The Committee of this Chamber think that this is merely evading the issue and that it is now high time for Government themselves to consider proposals and measures for recognising indigenous shroffs and bankers and include the necessary provisions in the proposed Bank Act which would link them with the banking system of the country.

APPENDIX 38

Non-acceptance of Policies issued by the Indian Insurance Companies for Shipment to Japan.

Letter No. 1661, *dated* 23*rd July* 1940 *from the Chamber to the Chairman, Exchange Banks' Association, Bombay.*

The Committee of my Chamber are informed that local Exchange Banks have issued instructions to their constituents to the effect that in future documents in respect of goods per Japanese Boats would be negotiated by them only if they are accompanied by Marine Policies issued by American or English Insurance Companies, and that policies issued by Indian Insurance Companies would not be accepted for the purpose. If the above information is correct, my Committee are unable to appreciate any justification for the same, and they would like to be advised as to the reasons which have necessitated such an exclusion of Indian Insurance Companies. It may be recalled, in this connection, that my Committee had more than once addressed the Exchange Banks' Association regarding complaints about discrimination against Indian Insurance Companies. It is unfortunate that another occasion for a fresh grievance in this regard should have arisen.

Letter No. A. 501, dated 31st July 1940 from the Agent, Chartered Bank of India, Australia and China, Bombay to the Chamber.

With reference to your letter No. 1661 of 23rd instant addressed to the writer as Chairman of the Exchange Banks' Association, we have to advise that we consider that this is not a matter that can be taken up as an Association as each Bank has to abide by the instructions of their Head Office in connection with the acceptance or refusal of Insurance Policies.

As far as this Bank is concerned we have very generous limits for practically all Indian Insurance Companies, much larger than would be given to British Companies of similar standing. The limits that Indian Insurance Companies enjoy with this Bank amount to nearly Rs. 3 crores and the Policies of some Companies have been accepted for an aggregate far in excess of the limits laid down by our Head Office.

With regard to the acceptance of Indian Insurance Companies' Policies in respect of goods shipped by Japanese steamers, we have to advise that we received a telegram from our Head Office informing us that all goods shipped by Japanese steamers were to be covered by British or American Policies and until that ruling is withdrawn we regret we are not in a position to accept Policies of Indian Companies for shipments by Japanese steamers.

We are in correspondence with our Head Office on the subject and trust that some alleviation of this ruling will be made in the near future.

APPENDIX 39

Rupee-Yen Exchange.

Letter No. 1559, dated 12th July 1940 from the Chamber to the President, Exchange Banks' Association, Bombay.

The attention of my Committee has been drawn to the heavy disparity between the buying and selling rates quoted by the Exchange Banks for Rupee-Yen Exchange. Till a

short while ago the difference between the two rates was almost nominal ; but at present, the Committee are informed, the difference amounts to as much as 10 per cent.

My Committee would like to know as to the reasons why the banks find it necessary to maintain such a big difference between the buying and selling rates. Your early reply in the matter will be much appreciated.

Letter dated 15th July 1940 from the Exchange Banks' Association to the Chamber.

With reference to your letter of 12th instant, I have to advise that the Exchange Control in Japan fixes the rate at which Banks can operate on Japan daily. These rates are advised to the Yokohama Specie Bank daily by their Head Office and are based on the Yen-Sterling Cross rates in Japan, which are today :

Selling Sterling	.. 1/3-1/8
Buying Sterling	.. 1/3-5/8

Banks, however, will not operate at the actual rates and a slight margin is exacted on both sales and purchases.

Today's rate for selling T.T. on Japan is Rs. 87-3/4 = Yen 100 and the buying T. T. rate is Rs. 82-3/4 = Yen 100.

APPENDIX 40

Elimination of Pies from Commercial Transactions.

Letter No. F. 140, dated 15th January 1940, from the Federation of Indian Chambers of Commerce and Industry to Chamber.

The Bengal Chamber of Commerce, Calcutta, have written to the Federation with regard to the proposal of eliminating pies from commercial transactions. I am enclosing a copy of the circular for your ready reference. I am also enclosing a copy of the Circular Letter issued by the Bengal Chamber of Commerce, with regard to the result of a referendum, to their members on the above subject.

The question raised by the Bengal Chamber of Commerce will be placed on the agenda of the Committee of the Federation for their consideration, and I shall be much obliged if you will convey to this office your Committee's views with regard to this proposal, after ascertaining the wishes of your constituent-members. You will agree that unless a very large majority of the commercial firms are in favour of the proposal, on voluntary and mutual basis, it may not perhaps be possible for Government to introduce suitable legislation in this regard. The Committee would therefore like to be appraised of the views of your Committee to enable them to formulate their opinion on the proposal. Your reply should reach this office not later than Monday, the 26th February, 1940.

Copy of letter from Secretary, Bengal Chamber of Commerce, Calcutta (No. 234-1940, dated 13th January 1940), to the Federation of Indian Chambers of Commerce and Industry, New Delhi.

I am directed to send you the enclosed copy of the Bengal Chamber's circular No. 17-1940 dated the 11th January setting out the results of a referendum which was issued to members on the above subject last year. You will observe from the circular that pending the introduction of legislation should such eventually prove to be feasible, the large majority of the commercial interests which this Chamber represents have expressed their willingness to enter into an understanding with their clients and business connections mutually to eliminate pies from transactions between them by treating six pies and upwards as one anna and by disregarding amounts of less than six pies. Such arrangements would, of course, relate only to total amounts due and not to rates or quotations per unit or per cent.

2. I am directed to request that the matter may kindly be submitted to your members with a view to the adoption of similar voluntary and mutual arrangements on a wider basis in commercial circles, locally and throughout India as a whole. The Bengal Chamber suggests that lists of those

willing to enter into such an arrangement might with advantage be exchanged and circulated through the medium of the Associated Chambers, the Federation of Indian Chambers of Commerce and Industry and through individual Chambers of Commerce, so as to facilitate the wider adoption of the system with a view eventually to influencing the introduction of legislation should such be found to be the general wish."

Copy of Circular No. 17-1940, *dated* 11*th January* 1940, *issued by Bengal Chamber of Commerce, Calcutta, to all Members of the Chamber.*

It will be remembered that during September 1939 and again towards the end of last October, members of the Chamber were asked to state :—

(*a*) whether they would be in favour of the elimination of pies from commercial accounts by legislation ; and

(*b*) without commitment, whether they would be willing, in the absence or pending the introduction of legislation, to enter into an understanding with their clients and business connections mutually to eliminate pies from commercial transactions by treating 6 pies and upwards as one anna and by disregarding amounts of less than 6 pies.

In placing these proposals before members it was made clear that they related only to the elimination of pies from total amounts due and not to rates or quotations per unit or per cent.

2. The replies received to these circular references have since been the subject of careful examination. Every endeavour has been made to obtain as representative as possible an expression of opinion ; and while the response has not been exhaustive so far as Chamber members are concerned, it clearly represents the view of the large majority. Of the replies received, 97.8% have expressed themselves definitely in favour of the elimination of pies from commercial accounts by legislation, while the balance percentage—represented by three firms—withhold their approval of the first of the above

proposals more because of the difficulties which stand in the way of legislation than on grounds of principle.

3. As regards the second proposal, involving the elimination of pies from commercial transactions by mutual agreement, the replies may be classified under three general heads, as follows :—

Category (1) : Those fully agreeable—representing 87.7% of the total replies.

Category (2) : Those whose agreement is qualified or who are agreeable but draw attention to the difficulties which stand in the way of the adoption of the suggestion—representing 9.4% of the total replies.

Category (3) : Those not agreeable—representing 2.9% of the total replies.

Category (2) above includes, for instance, several of the Banks who—while in favour of the elimination of pies from their books—point out that in the absence of general agreement they must pay in pies if cheques drawn on them include pies ; several Banks and other commercial concerns who remark that, unless the scheme is one hundred per cent effective, it may mean increased work and greater vigilance on the part of their staffs ; others who point out that although they anticipate no difficulty in giving effect to the proposal so far as "Clive Street" firms are concerned, the nature of their business with small dealers and individuals is likely to operate against the general adoption of the scheme ; and those who state that until the elimination of pies from commercial transactions is adopted throughout India as a general rule, they see little material benefit in doing so locally.

Category (3)—those not agreeable—comprises four firms, three of whom favour legislative action for the elimination of pies from commercial accounts but are not at present prepared, in view of the obstacles, to attempt their elimination by means of a mutual agreement. The fourth concern does not consider any departure from the present practice to be justified, by legislation or otherwise, as the proposals apply

only to total amounts due and not to rates per unit or per cent and would therefore mean little or no saving.

4. In the light of the replies received, the Chamber Committee consider that further steps are justified. As regards legislation, however, it is recognised that this can be achieved only by the growing force of public opinion and that, even if this were the time for a move in that direction, the process would necessarily be very prolonged and the outcome doubtful. They recommend that, as a first step, those who have expressed themselves as willing to do so should proceed on the lines of voluntary and mutual agreements to eliminate pies from their accounts; and that in the meantime steps be taken, through the Associated Chambers of Commerce of India and otherwise, to give wider publicity to the results of last year's referendum with the object of influencing the adoption of similar steps elsewhere throughout India until such time as the question of legislation can be taken up with the necessary backing. In order to assist members—some of whom have already taken action—in mutually arranging the elimination of pies from transactions between them, I append a list of concerns in the membership of the Chamber who have expressed their willingness to enter into an understanding with their clients and business connections whereby six pies and upwards will be treated as one anna and amounts below six pies will be disregarded. The list includes only those who have expressed to the Chamber their unqualified willingness to enter into such arrangements and whose replies clearly indicate that their co-operation would be forthcoming: those who have not replied to the Chamber's 1939 circulars and those who have replied but whose names do not appear in the attached list because of the qualifications which they attach to their support are of course at liberty at any time to request the inclusion of their names should they so decide."

Letter No. 485, dated 21st February 1940, from Chamber to the Federation of Indian Chambers of Commerce and Industry.

With further reference to your letter No. F. 140 of the 15th January 1940 on the above subject, the matter was con-

sidered by my Committee. They were of opinion that no case had been made out in support of the proposal and, as such, they were opposed to any action for eliminating pies from commercial transactions.

APPENDIX 41

Scarcity of Rupee Coins.

Telegram dated 3rd July 1940, from Chamber to Finance Department, Government of India.

Committee Indian Merchants' Chamber draw attention of Government to difficulties and inconvenience felt by commercial community and public in the matter of obtaining rupee coins for their *bona fide* day to day requirements. Following the recent communique issued by Government Reserve Bank has considerably restricted issue of rupee coins in exchange for notes and complaints of great difficulties in getting change for notes are insistent and general. Such difficulties are being experienced even in the commercial departments of Government and public utility concerns. The retail traders who have to serve a large number of clientele and their demand for changing notes after small purchases unable to meet situation. Committee earnestly urge that Government should take immediate steps for the issue of rupees freely as otherwise besides causing great difficulties and hardships to commercial community and public at large daily exchange of goods and services will come to a stand still.

APPENDIX 42

Revenue Payments by Cheques.

Letter No. 994, dated 29th April 1940 from Chamber to the Revenue Department, Government of Bombay.

The attention of my Committee has been drawn to the inconvenience caused to the public in general and the commercial community in particular by the non-acceptance of

cheques by the revenue collecting authorities in payment of amounts due to Government on account of revenue.

Since some years such payments by cheques are accepted in the Bombay city, but in regard to mofussil the rule still prevails that payments have to be made in cash. Government will appreciate the difficulty of the public particularly in cases where the parties concerned are situated away from the paying centres in arranging for payment in cash. Moreover, when the amount involved is large, there is also the question of the risk connected with the carrying of a large amount of cash in person. In order to obviate this risk and in order that the parties staying away from paying centres are not put to avoidable inconvenience, it is earnestly requested that Government should recognise the system of payment of revenue dues by cheques. After all in revenue payments, Government run no risk by accepting such cheques. On the contrary, my Committee are informed that cases have happened in the past of frauds due to the restriction on payments by cheques. The pucca receipt may be issued only after the realisation of the proceeds of the cheque, in the interval a mere acknowledgment of the amount being passed on to the party.

Even now, in some mofussil centres payments are made by cheques by parties staying outside. In such cases, the cheque is discounted by the Revenue Officers with some merchants or local shroffs at a heavy rate of discount, with the result that the payer is put to avoidable extra expenditure. In insisting on payment in cash Government are only anxious that they are not put to any inconvenience or loss by accepting payment in any other form. If, as suggested above, the system of issuing receipts after the cheque is encashed is adopted, this difficulty will be met.

My Committee hope that Government will be pleased to consider the above suggestion favourably.

APPENDIX 43

Computing Real Value for purposes of Assessment to Customs Duty.

Letter No. 1926, *dated* 21*st August* 1940, *from Chamber to the Collector of Customs, Bombay.*

My Committee are given to understand that the Assistant Collector of Customs, Appraising Department, has passed orders that for purposes of assessment to Customs duty the value of the article should be estimated after including bank interest on the invoice value ; interest is to be added for a period of 90 days in cases where the Drafts are on D.A. terms and in cases where drafts have been paid the actual interest paid has to be taken into account.

My Committee would like to know if the above information is correct and if so, they may please be supplied with a copy of the notification or circular containing the said instructions. They would also like to know the circumstances or the reasons which, from the Customs point of view, necessitated the introduction of the above procedure. Your early reply in the matter is requested.

Letter No. C. 1757|40, *dated* 14*th October* 1940, *from the Collector of Customs, Bombay to Chamber.*

I have the honour to refer to your letter No. 1926 dated 21st August 1940 and to state that the change in practice introduced at this port of including bank commission and interest charges in computing real value under Section 30(b), Sea Customs Act is in accordance with the recent orders of the Central Board of Revenue.

Letter No. 2455, *dated* 26*th October* 1940, *from Chamber to the Central Board of Revenue, Bombay.*

The Committee of this Chamber were informed that recently orders were passed by the Bombay Custom House to the effect that for purposes of assessment of Customs Duty under the above Section, value of the article should be estimated after including bank interests on the invoice amount ;

it would appear that interest is to be added for a period of 90 days in cases where the drafts are on D.A. terms and in cases where the drafts had been paid the actual interest borne is to be taken into account.

My Committee addressed a letter to the Collector of Customs, Bombay, asking for information as to the circumstances under which the procedure in regard to computation of value as above was altered or changed. In reply they were informed by the Collector that the change in practice of including bank commission and interest charges in computing real value under Section 30(b) of the Act was " in accordance with the recent orders of the Central Board of Revenue." My Committee are unable to appreciate the need for the said change in the practice. Section 30(b) of the Act does not make any reference to interest or such other incidental charges. Moreover, as far as my Committee can see, the Act contemplates the levy of duty on the actual value or cost of goods and not by reference to any assumed cost after including charges of the kind in question. The new practice would amount to an artificial increase in the amount of duty and, in the opinion of my Committee, is both unfair and unauthorised. They, therefore, request that the recent orders referred to be withdrawn and the old practice of collecting duty on the actual amounts of the drafts be restored.

Letter No. C. 1072-Cus.I|40, dated 10th December 1940, from the Central Board of Revenue, New Delhi, to Chamber.

With reference to your letter No. 2455, dated the 26th October 1940, I am directed to say that in May 1940 the Board approved the inclusions in the real value, of Bill stamps and Bill and Bank charges paid for by the supplier and by him invoiced to the buyer. These orders have been misinterpreted as being applicable to such charges generally (that is to say, whether paid by the supplier or not and whether or not invoiced). Orders have now been issued explaining the position.

APPENDIX 44

Fixed Rate of Conversion of Sterling into Rupees for Customs Purposes.

Letter No. C|1045|40, dated 24th May 1940, from the Collector of Customs, Bombay to Chamber.

I have the honour to refer to the correspondence resting with your letter No. 1, 1074 dated 27th May 1920 and to enclose for ready reference a copy of this office letter R.S.R. No. 667 of 1920 dated 14th May 1920 to which it was a reply. The question was then dropped as a section of the Trade was not in favour of the proposal.

2. The question has again been raised whether it would not be advantageous both to the trade and to the Custom House to adopt at this port the conversion of sterling amounts at the fixed rate of £1 = Rs. 13½ so long as the Bank's published selling rate is not lower than 1*s.* 5-11/16*d.* and not higher than 1*s.* 6-5/16*d.* This method of converting to the nearest penny is in vogue at the other major ports in India and is obviously advantageous as both the Custom House and the public are thereby saved a certain amount of intricate arithmetical calculations. I request you kindly to let me know at an early date whether the members of your Chamber are agreeable to the introduction of the proposed method of calculation.

Copy of letter R.S.R. No. 667 of 1920, dated the 14th May 1920, from the Collector of Customs, Bombay, to the Secretary, The Chamber of Commerce, The Indian Merchants' Chamber and Bureau, The Bombay Presidency Trades Association, The Native Piecegoods Merchants' Association, Bombay.

With reference to the correspondence ending with my letter R.S.R. No. 667 dated the 2nd March 1920, I have the honour to state that a suggestion has been made that in adopting the selling rates for demand drafts for the purpose of converting sterling invoice prices into rupees, this Department should work on the nearest whole penny e.g. when the

selling rates are between 2*s.* 3½*d.* and 2*s.* 4-7/16*d.* the conversion should be on the basis of 2*s.* 4*d.* and that the proposed procedure should apply to all merchandise without any limit as to value. I have, therefore, under instructions from the Government of India, to request you to let me know whether your Chamber/Association approves of the suggestion.

2. An early reply is requested.

Letter No. 1669, *dated* 24*th July* 1940, *from Chamber to the Collector of Customs, Bombay.*

I am directed to refer to the correspondence ending with your letter C. No. 1045/40 dated the 16th July 1940 on the above subject, and in reply, to say that my Committee agree to the proposal for the introduction of a system of fixed rate of conversion of sterling into rupees for Customs purposes.

APPENDIX 45

Amendment in Income-tax Rules — Form of Return of Income (Rule 19)

Letter No. 46(2)I.T.40, *dated* 2*nd March* 1940, *from the Central Board of Revenue, Government of India, to Chamber.*

I am directed to invite your special attention to Board's notification No. 4—Income-tax, dated the 2nd March 1940 (published in the *Gazette of India* of the same date) with which has been published the draft of an amendment to rule 19 of the Indian Income-tax Rules, 1922 embodying certain changes in the form of return of total income or total world income under sub-section (1) or (2) of section 22 of the Income-tax Act and notice has been given that any objection or suggestion which may be received in respect of the draft before the 25th March 1940 will be considered by the Board. The Board regrets that as the amendment is to be finally published before 1st April 1940 it has not been possible to give longer notice but hopes that your Chamber will give the

matter its urgent consideration and let the Board have its comments, if any, by the date specified.

Letter No. 213, dated 20th March 1940, from Chamber to the Central Board of Revenue, Government of India.

With reference to your letter No. C. 46(2)-I.T./40 dated the 2nd March 1940, the Committee of this Chamber have considered the draft amendment to Rule 19 of the Indian Income-tax Rules, 1922, embodying certain changes in the Form of Return of total income etc., and I am directed to send hereby their views on the same.

1. In Section A of Part I, delete the words in brackets, viz :

> "unless the assessee is non-resident in British India, income arising abroad from business controlled in or profession or vocation set up in India including Indian States"

and insert the same under Section C. The reason for this amendment is that income controlled in an Indian State really arises without British India and the proper place for this in the Return should be under Section C and not under Section A.

2. As regards the note on page 6 of the Return regarding the signing of the Return, my Committee are of opinion that to insist that the Return in all cases shall be signed by the assessee himself and not by his Power of Attorney, involves a good deal of hardship in practice, where the assessee may be absent from India at the time of the Return. They, therefore, suggest that in particular circumstances the holder of Power of Attorney should be allowed to sign the Return on sufficient cause being shown such as the absence of the assessee outside British India.

3. With regard to the information to be disclosed by the assessee as to the names of persons to whom the assessee had paid in the previous year rent, interest, commission, royalty or brokerage or annuity amounting to Rs. 400, my Committee are of opinion that the disclosure of rent, commission, broker-

age, etc., involves a good deal of hardship in practice to the assessee, and that where a proper cause was shown the disclosure should not be insisted.

My Committee hope that Government will be pleased to consider the above suggestions favourably.

APPENDIX 46

Rate of Depreciation under the Income-tax Act.

Letter No. 949, dated 25th April 1940, from Chamber to the Central Board of Revenue, Government of India.

I am directed by my Committee to refer to Government Notification No. 9 dated 12th April 1940 embodying the revised rates proposed by Government for the purpose of allowing depreciation under the Income-tax Act in respect of Building, Plant and Machinery and Furniture and to send to you hereby their views and suggestions on the same.

My Committee acknowledge that the schedule of rates now proposed is a distinct improvement as compared with the rates which were originally suggested by Government. They must, however, point out that even after this revision, the rates generally are less than what would meet the requirements of the case and do not completely give effect to the general claim and demand, that in the change-over from the prime cost to the written-down value basis, the relief by way of annual depreciation should be so adjusted as to achieve the same results within the same period as under the old basis. This principle, which was enunciated by the commercial community for the purpose of determining the rates under the new system has not been strictly adhered to and, therefore, to that extent, the revised rates require to be reconsidered.

In this connection, I am to refer to this office letter No. 2838 dated 26th October 1939 wherein my Committee had, in detail, expressed their opinion as to what should be the basis to be followed by the Central Board in determining and finally fixing the revised rates under the new basis. They had pointed out that the rates in force under the old Act had worked

well and should be taken as the starting point for the purpose of fixing the rates under the new system also. The period of life estimated and assumed for the various types of machinery and assets under the old schedule should be taken as the basis and the same period of life should be the governing consideration in fixing the rates under the written-down value system. The rates under the new system, therefore, should be so adjusted and adapted as to write off the asset in question within almost the said period of life. My Committee, therefore, reiterate that Government should still reconsider the question and agree to the rates being revised on the above basis.

Double and Multiple Shifts.—My Committee are glad to note that the principle of allowing increased depreciation for machinery working more than normal hours has at last come to be recognised at the hands of the Board. They have been carrying on correspondence in this connection with the Board from the year 1931. While, however, the principle is accepted, the extent of the relief proposed is, in their opinion, inadequate. It is provided in the draft rule that an extra allowance up to a maximum of 50 per cent of the normal allowance may be allowed by the Income-tax Officer where a concern claims such allowance on account of the multiple shift working and can satisfy the Income-tax Officer that the normal allowance is insufficient. Thus the relief is dependent on the view which the Income-tax Officer may ultimately take. My Committee feel that this element of discretion should be completely removed and the grant of the allowance should be automatic on proof of such extra working. They are, further, of opinion that the rate proposed is inadequate and suggest that about 50 per cent over the basic rate should be allowed for double shift work alone, and for multiple shifts, allowance at a greater percentage should be prescribed.

In their representation of the 25th October 1939 my Committee had drawn the attention of the Board to certain features of the U. K. wear and tear allowance rules. The practice adopted in U. K. of fixing rates as are agreed to between the

Board of Revenue and the interests concerned is a wholesome one. My Committee had suggested the adoption of a similar procedure here and they regret that no reference is made to the same in the proposals of Government under reference. Again, under the U. K. Finance Act, 1932 and 1938, the schedules of rates of depreciation allowed in that country are subject to an increase of 20 per cent. It was suggested that a similar increase should be granted in this country also and that this should be borne in mind while fixing up the revised rates. If this increase is also taken into account the rates now proposed in the draft schedule in respect of certain assets are less than the corresponding rates obtaining under the English Schedule.

My Committee wish, in this connection, to draw the attention of the Board to the following provision in Schedule 7, Part I(2) of the Finance Act No. 2 of 1939 of U. K. regarding grant of increased depreciation allowance for purposes of the Excess Profits Tax. The Excess Profits Tax Act of this country has not provided for any such increased relief and my Committee suggest that this omission should be rectified and that increased relief should be provided by necessary provision under Rule 8 of the Income-tax Rules :

> "There may be deducted in respect of any accounting period a sum (ascertained on the like basis as the amount of a deduction for wear and tear is ascertained under Rule 6 of the Rules applicable to Cases I & II of Schedule D) which represents the diminution in value by reason of wear and tear during that period of any plant or machinery in respect of which a deduction can be made under the said Rule 6, plus, in the case of an accounting period which constitutes or includes the whole or any part of the standard period, ten per cent and in the case of any other accounting period, twenty per cent of that sum."

Shipping.—My Committee are glad that the suggestion made by the shipping industry that depreciation on shipping assets should be allowed on the prime cost basis was

accepted and that the Income-tax Act was amended to permit of the same. They, however, regret to note that, while making this change Government have, at the same time, reduced the rate prescribed for allowance of depreciation for shipping assets. The previous rate for ocean going steamers was 5 per cent and there was no reason to reduce the same. In the U. K. also after taking into account the 20 per cent increase, referred to in an earlier paragraph, an effective rate of 4.8 per cent is allowed. My Committee have seen a copy of a representation dated 15th April 1940 which the Indian National Steamshipowners' Association has submitted to Government urging the continuance of the old level of rates and for further consideration of the question of allowance of depreciation on second-hand ships. The conclusions therein have the general support of my Committee and they request that the same be considered sympathetically and the necessary changes made in the rates proposed for shipping assets.

With these general observations, my Committee will place before Government their views on the requirements of certain particular items in the schedule on which they have received representations from interests concerned with such assets.

III(2)B(xxxii).—A rate of 10 per cent has been proposed for silk manufacturing and weaving machinery worked by electric motors. The machinery used for this purpose is very delicate. This was recognised by Government and even when the general rate for machinery was only 5 per cent, a rate of $7\frac{1}{2}$ per cent was allowed for this type of machinery. Moreover, the rate for artificial silk manufacturing machinery is proposed at 15 per cent. Machinery for silk manufacture should also be placed on the same basis and a rate of at least 15 per cent should be prescribed for this asset.

III(3)C(ii)E(1).—The rate prescribed under this heading for other electrical machinery including electrical generators, etc., and for electric plant, machinery and boilers, is inadequate. Electrical goods generally are susceptible to increased wear and tear and it has been suggested to my Committee

that a minimum rate of 12½ per cent should be allowed under these two heads.

III D.—For machinery used in the production of cinematograph films the rates prescribed by Government are extremely inadequate. These machines are very delicate and at the same time very costly. The cinema industry in the country is a growing industry and in order that it may not suffer any handicap by the absence of adequate provision for wear and tear, my Committee suggest that the rates proposed should be considerably modified and that the following rates should instead be allowed :

Recording Equipment, Printing Machines, Editing Machines, Synchronisers	50%
Reproducing Equipment, Projecting Equipment of film exhibiting concerns	25%

The rate for studio lights may be kept at 20 per cent, but renewal or replacement of bulbs should be allowed as a revenue expenditure.

There are a good number of items of machinery particularly in manufacturing lines for which separate rates have not been prescribed. Thus, for instance, machinery used in the process of manufacturing Healds and Reeds is not separately mentioned and no specific rates prescribed for them. Knitting, Reed making, Varnishing, Doubling, Winding and Polishing machines, etc., used in this industry should be mentioned in the schedule and the rate applicable for artificial silk manufacturing machinery, viz., 15 per cent should be allowed for the same.

Separate rates should be fixed for Wireless and Wireless appliances and accessories. Assets connected with Wireless and Broadcasting undergo scientific improvements at short intervals. Moreover, these appliances and instruments are very delicate and susceptible to damage and deterioration in short time. Therefore, a sufficiently high rate of depreciation should be prescribed for the same.

Building Contractors' Machinery is also not separately classified. Being subject to rough use they are ordinarily liable to a greater wear and tear and a 20 per cent allowance should be prescribed for this. My Committee further suggest that in all cases where separate rates are not prescribed such rates on the application of the interests concerned in the working of particular types of machinery should be separately fixed in consultation with them and the schedule amplified from time to time accordingly.

In conclusion, my Committee hope that the Central Board of Revenue will reconsider the draft rates in the light of the suggestions made above and bring about further modifications in the same so as not to involve any injustice to users of the various types of the assets covered by the schedule.

APPENDIX 47

Depreciation allowance under the Income-tax Act.

Letter No. 2896, dated 20th December 1940, from Chamber to the Central Board of Revenue, Government of India.

The attention of my Committee has been drawn to an anomaly that would arise by the application of the written-down value system for allowance of depreciation from the financial year 1940-41.

Depreciation is to be calculated on the written-down value. The written-down value is to be arrived at by taking the actual cost to the assessee and deducting therefrom for each of the financial years since acquisition depreciation at the appropriate rate applicable to the asset in question. This procedure would lead to the fixation of a completely artificial value for purposes of written-down value in the case of buildings. For buildings, my Committee understand, there was no provision for depreciation prior to the financial year 1912-13. Therefore, if depreciation is to be deducted for buildings in respect of years prior to 1912-13 the ultimate value on which depreciation is to be allowed from 1940-41 would be considerably reduced. Having regard to the fact

that no such depreciation was allowable under the Act before 1912-13, it would not be proper to arrive at the written-down value after deducting any imaginary allowance for depreciation for that period.

In the circumstances, my Committee suggest that the point may be made clear and that necessary instructions be issued that in arriving at the written-down value allowance for depreciation should be deducted only for the period for which there was specific provision for the same.

Letter No. 27(6)-I.T.|41, dated 16th January 1941, from the Central Board of Revenue, Government of India to Chamber.

With reference to your letter No. 2896, dated the 20th December 1940, I am directed to inform you that no instructions as desired by you can be issued in view of the clear statutory provision in section 10(5)(*c*) of the Income-tax Act to the effect that for the years prior to 1922-23 the rate to be applied in computing the written-down value of an asset shall be the rate which was in force on the 1st day of April 1922. It is not necessary that some rate should have existed prior to 1922-23. Your Chamber is wrong in assuming that for the years prior to 1922-23 the rate to be applied is the rate, if any, ruling prior to 1922-23 ; since even if there were any rates applicable prior to 1922-23, the statute requires them to be ignored.

APPENDIX 48

Income-tax Manual — Inclusion of Departmental Instructions.

Letter No. 2816, dated 13th December 1940, from Chamber to the Central Board of Revenue, Government of Bombay.

The attention of my Committee has been drawn to the fact that in the revised edition of the Income-tax Manual issued after the Income-tax Amendment Act, 1939, certain instructions which used to appear in the previous editions of

the Manual have been excluded. The heading of Part III of the revised edition of the Manual has also been changed to *Notes on Indian Income-tax Act, etc.,*" whereas the said Part appeared under the heading *Notes and Instructions regarding Income-tax Law and Rules.* Obviously, the Department now wish to make a distinction as between notes " designed to assist the general public " and notes and instructions as they were issued previously, for the information and guidance of both the Department and the Assessees.

Recently, the Indian Chamber of Commerce, Calcutta, had occasion to address Government on the desirability of including instructions issued during the year regarding allowances of reserves to general Insurance Companies in the Manual. In turning down this request, Government in reply, pointed out that it was the practice to include only such instructions as were not purely Departmental in the Income-tax Manual and that the particular instructions under reference could not be published in the Manual or furnished for the information of the assessees.

My Committee are unable to appreciate the stand taken by Government in this regard. Such instructions lay down the procedure in regard to the administration of the different sections of the Act or clarify the exact import of some of the requirements and provisions of the Act and the manner and method of applying the same. The general public, i.e., the assessees, are directly interested in such explanations and clarifications and it is inconceivable how it can be argued that instructions of the type are purely departmental. The instructions are in the nature of subsidiary rules for administering the provisions of the law and the statutory rules and it is not fair to suggest that they should be kept away from the knowledge or the information of the assessees. It would, indeed, be unfortunate if by such methods of unnecessary secrecy Government allow the impression to gain in the public mind that the manner and method of administering the Income-tax law of the country is warped in mystery. Apart from the question of legitimacy of denying information

about such instructions to assessees, it may also be pointed out that if such instructions are made public by being included in the Manual, the assessees themselves would have a clearer idea of what may be expected of them in respect of particular provisions of the Act. Such a knowledge will incidentally also help in facilitating the work of the department by the assessee being placed in a position to conform to the exact requirements of the law.

Similarly, the instructions issued in regard to the Excess Profits Tax Act should also be published in the Manual or in a separate Manual. The Excess Profits Tax Act is a new piece of legislation and it must also be acknowledged that it is of a complicated nature. There will be many points arising out of it which might require clarification from time to time and the Central Board of Revenue would, no doubt, be clearing such points of doubt or procedure by appropriate instructions. The assessee is intimately interested in all such instructions and it is submitted that they should be published in the form of a Manual.

My Committee hope that Government will be pleased to consider the above suggestions favourably and to take the necessary action at an early date.

APPENDIX 49

Qualifications of recruitment in the Income-tax Department.

Letter No. 1503, *dated 4th July* 1940, *from Chamber to Commissioner of Income-tax, Bombay.*

The attention of my Committee has been drawn to an advertisement issued by you inviting applications for the appointment of an Assistant Income-tax Officer in the Income-tax Department, Bombay Presidency. In the list of qualifications prescribed for the same, Associateship of the Institute of Chartered Accountants or of the Society of Incorporated Accountants of Great Britain, is mentioned. My Committee would like to enquire if R.A., the corresponding Indian Accountancy qualification is also within the scope of the

qualifications prescribed. If the post is not open for Registered Accountants, my Committee would like to raise a strong protest against the policy of excluding the Indian Accountancy qualification while the corresponding foreign qualifications are recognised for the purpose. My Committee request that the post should be open for Registered Accountants (R.A.) also and accordingly the matter may be made clear by a supplementary announcement. As applications should reach your office before the 15th July 1940, your early action in the matter is requested.

Letter No. Est.I.|Gen. 411|40, *dated 13th July* 1940, *from the Commissioner of Income-tax, Bombay, to Chamber.*

With reference to your letter No. 1503, dated the 4th instant, addressed to the Commissioner of Income-tax, Bombay, I am directed to invite your attention to the supplementary advertisement which has appeared in the *Times of India* of today's date and will appear in the *Daily Gazette* of Karachi on a subsequent date. Persons enrolled on the Register of Accountants maintained under the authority of the Government of India are now entitled to apply for the advertised post of Assistant Income-tax Officer.

APPENDIX 50

Interview with Mr. J. F. Sheehy, C.S.I., I.C.S., Member, Central Board of Revenue.

Memorandum on points for discussion with Mr. J. F. Sheehy, C.S.I., I.C.S., Member, Central Board of Revenue, on 2nd September 1940, *at* 12 *noon.*

Speech of Mr. Chunilal B. Mehta, President of the Chamber.

Mr. Sheehy,

I have great pleasure in welcoming you in our midst here today.

The Income-tax Act, because of its extremely technical nature, has presented and is presenting in its administration and day to day working many problems. Such interviews had often in the past helped the elucidation of the issues in-

volved. Another tax legislation has been recently added to your portfolio, viz., the Excess Profits Tax Act. We are also glad that Mr. C. W. Ayres has accompanied you and I welcome him also on behalf of the Committee. As a result of the discussion today I hope some of the difficulties to which we are referring will be satisfactorily settled.

1. **Section 10 — Allowance of Secret Commission**—It is common knowledge that in certain business, secret commission has to be paid for procuring orders or for other privileges or advantages. The details of such commission or the names of the recipients cannot obviously be disclosed. In the past the Department, after looking to the nature of the business concerned and after satisfying itself that the commission had been paid, used to allow half of the amount, the tax on the other half being deemed to compensate Government for the loss of revenue due to non-disclosure of names and addresses of the recipients. It appears that under recent instructions payments of this kind are totally disallowed. Such a disallowance will lead to unfairness to the assessees and we suggest that Government should, after taking such safeguards as may be necessary to ensure that fictitious expenditures are not claimed under the guise of secret commission, authorise the allowance of such payments as before.

2. **Section 17 — Definition of Non-Resident British Subjects — Corporate and Incorporated Bodies.**—Under this section the income of a non-resident who is the subject of an Indian State is to be assessed to income-tax as a British subject at the world rate and not at the maximum rate applicable to a foreigner. It, however, appears that under Departmental instructions, the above principle is applied only in the case of individuals and that in regard to firms, companies, Associations of individuals or Hindu Undivided Families from Indian States they are treated as foreign entities liable to tax at the maximum rate. Under the Act a "person" includes a juridical person, i.e., firm, company, etc., and therefore, the above distinction sought to be placed between individuals and other types of assessees mentioned above appears to be

unauthorised. We would like this point to be clarified and suggest that all non-resident persons, whether individuals or other entities, should be treated uniformly for purposes of this section.

3. **Section 26 — Partnerships.**—The division of partnership profits and losses is governed by the constitution of the firm during the accounting year and not the assessment year; yet for the purpose of registration under Section 26-A it is insisted that the firm must be in existence at the time of the assessment also. The result is that a partnership which is discontinued or a partnership which is succeeded to by a company, firm or individual, is denied the benefit of registration and is taxed as unregistered firm. If, however, in any particular case the assessment is likely to be heavier than by treating the firm as registered and taxing the partners individually, the Income-tax Officer under the powers vested in him under Section 23(5) can in his discretion, treat such firm as registered and assess the partners accordingly. Such a position is obviously unfair from the point of view of the taxpayer. All partnerships should be considered to be registered which are proved to be in existence during the accounting year, whether or not they continue to be in existence during the year of assessment.

4. **Section 33 — Power of Revision.**—Under the section the Commissioner has power to review the assessment either on his own motion or at the instance of the assessees. When any general point of law is, by a decision of the High Court, decided in favour of the Revenue the Department can review the assessments in the light of such decisions. When, however, such a decision goes against the Revenue, the Commissioner is not bound to review similar assessments affected by the point of law involved in the decision. The Appellate Assistant Commissioner cannot be approached for a revision as the period of appeal would have expired. The Commissioner may also decline to intervene on the ground that the assessees having failed to take advantage of the remedy of appeal there is no occasion for his intervention. It is necessary

that instructions should be issued that the Commissioner should exercise his power of revision equally in favour of the assessees on a legal point affecting a large number of assessees being decided by the High Court against the Revenue.

5. **Section 41(1) — Private Religious Trusts.**—Under Section 4(3) of the Act, income of a private Religious Trust which does not enure for the benefit of the public is not exempt from tax. Such income, however, is being assessed at the maximum rate, perhaps, in terms of the first proviso to Section 41(1). We submit that this proviso should not be applied in case of private Religious Trusts and Wakfs. The objects of such private Religious Trusts and Wakfs are defined and the income is spent in social, religious or traditional ceremonies. We, therefore, suggest that instead of charging at the maximum rate, the appropriate rate applicable to that income should be applied.

6. **Free and Voluntary Disclosures.**—In the case of free and voluntary disclosures by assessees at a subsequent period, no further action should be taken and the assessees in question should not be proceeded against. Government should treat such cases with sympathy and beyond reimbursing themselves with the amount of any tax evaded or lost, the matter should be deemed as closed so far as the department is concerned.

7. **Section 9 — Allowance for Vacancies in Property Assessments.**—Under the Income-tax Act before it was amended by the Act of 1939, the Income-tax Officer had discretion in respect of the amount to be allowed for vacancies. Under the Act as amended, it is laid down that only that part of the net annual value which is proportional to the period during which the property is wholly or partly unoccupied is to be allowed. In actual working, it means that the allowance on account of vacancies will be considerably less than the actual loss of revenue. We feel that this position is unfair and that the law should be modified so as to authorise the allowance of actual loss of income on account of such vacancies. In order to obviate all such difficulties and anomalies, we would suggest that the basis of tax on

property should be changed as under Section 10 in respect of business and the liability should be upon the actual net receipts in the previous year. Amendment of the section to this effect will solve the grievances in this connection.

8. **Section 23-A — Distribution of Assessable instead of actual profits.**—Under the section unless a company distributes 60 per cent of the assessable profits, the Income-tax Officer can deem the full 100 per cent of the profits to have been distributed and on that basis assess the shareholders concerned on such full quota of profits. The said provision is, to a certain extent, in conflict with the requirements under the Company Law. Under the Indian Companies' Act, no dividend can be declared by a Company in excess of its profits, as to do so would amount to illegal reduction of capital. In order to remove this anomaly, we suggest that it should be provided that the 60 per cent referred to in the section should be of the divisable profits and not of the assessable profits.

9. **Sections 34 and 35 — Reassessment and Rectification of Mistakes.**—Under Section 34, income which escaped assessment in any one year can be brought under assessment subsequently ; but if in the process of such re-examination an over-assessment is evident, the assessee is not provided any relief. The assessee should also be given the benefit of any evidence in his favour and suitable provision for refund of tax overpaid should be made.

Under Section 35, only mistakes apparent in the Income-tax Officers' assessment records are subject to rectification. Any *bona fide* mistakes in the evidence or books of account of the assessees are not allowed to be remedied. We suggest that the section should be brought in line with Section 20 of the Excess Profits Tax Act so as to provide for the rectification of mistakes also in the assessees' record of evidence produced in support of the returns.

10. **Shipping : (*a*) Depreciation allowance on second-hand ships.**—We are glad that the suggestion made by this Chamber and the shipping industry that depreciation on

shipping assets should be allowed on the prime cost basis was accepted and that the Income-tax Act was amended to permit of the same ; a 5 per cent allowance has been fixed for the purpose. In the case of second-hand ships, however, the rate is not adequate. In the United Kingdom a system of graded rates according to the age of the steamer prevails. We suggest that this aspect of the matter may be re-examined and that the basis of allowing depreciation for second-hand ships be changed on the lines of the practice prevailing in Great Britain, as otherwise Indian shipping industry will be placed in a position of disadvantage.

(*b*) **Higher percentage of depreciation during war.**—Under Schedule VII Part I(2) of the Finance Act No. 2 of 1939 of the United Kingdom increased depreciation will be allowed for the purpose of the Excess Profits Tax. The Excess Profits Tax Act of this country has not provided for any such increased relief and we suggest that this omission should be rectified by necessary provision in the Income-tax rules here. Further, during the last war the recognised percentage of depreciation so far as the Excess Profits duty was concerned, was increased by 50 per cent in the U. K. under the Finance Act No. 2 of 1915, Section 43. The British shipping industry has also asked for a similar increase on this occasion. It is, therefore, necessary that the Indian shipping industry should be given the same rate of depreciation for purposes of Excess Profits Tax as may be allowed to the British shipping industry under the U. K. Act.

(*c*) **How purely extraneous circumstances will affect the working of the Excess Profits Tax.**—We understand that the intention of Government is to charge Excess Profits Duty to Excess Profits made as a result of the war and that the principle of the like to be compared with the like in both the standard and the chargeable accounting period will be maintained. In this connection, we would like to bring to your notice the inequity of the burden which will fall on an industry when assets which were working in the standard period would also work during the chargeable accounting

period, but depreciation on which will not be allowed during the chargeable accounting period as the assets might have completed their normal period of life for the purpose of calculating depreciation as laid down under the Indian Income-tax Act as amended in 1939. For instance, five ships costing 60 lakhs of rupees which might be working in the standard period might continue to work in the chargeable accounting period. They cannot be replaced owing to the present war. They might be 20 years of age. While full depreciation is allowed in the standard period amounting to say 3 lakhs of rupees in the above instance, no depreciation will be allowed in the chargeable accounting period. This inequity violates not only the principle of the like to be compared with the like, but will also artificially inflate the profits of that business by 3 lakhs of rupees in the chargeable accounting period with the result that the industry will have to pay the sum of Rs. 1,50,000 by way of Excess Profits Tax not for profits made as a result of the war but purely as a result of the different method of calculating depreciation. It is, therefore, requested that depreciation on the assets of a business working during the chargeable accounting period should be calculated in the same way as it is calculated in the standard period for the purpose of Excess Profits Tax, although they may have completed their normal life.

(*d*) **Obsolescence Allowance.**—Another instance of such an extraneous circumstances affecting the Excess Profits Tax may be given. Suppose, allowance for obsolescence has been given during the standard period. This will naturally reduce the normal profits of that period because obsolescence allowance is not the normal feature of the business, but it is given only under special circumstances. There will not be such obsolescence allowance in the chargeable accounting period. If, therefore, obsolescence allowance reduces the profits in the standard period and as there will not be such obsolescence allowance in the chargeable accounting period, it will naturally inflate the profits in the chargeable accounting period. This will go counter to the doctrine of comparing the like

with the like. It is, therefore, essential that in arriving at the profits of the standard period the amount allowed by way of obsolescence should not be taken into consideration.

(*e*) **Reserves for Replacement.**—British shipping industry has demanded that "a special reserve should be allowed out of profits to replace vessels lost during the war or vessels in commission at the end of the war which would have to be replaced at a cost which would exceed the cost of the fleet replaced and this is of paramount importance if the shipping industry is to be maintained after the war." They have further added that the amount credited to such special reserve should be deducted from the profits which may be ascertained for the purpose of the Excess Profits Duty during the chargeable accounting period. In view of this peculiar difficulty and burden on the shipping industry, we strongly urge that instructions should be issued to deduct out of the profits of any chargeable accounting period such amount out of the amount carried to special reserves as may be considered reasonable and proper.

(*f*) **Certain contributory liabilities.**—Shipping industry has to meet certain contributory liabilities as, for instance, Club calls, the extent of which it will be difficult for the company to know unless such calls are actually made. It is necessary that the industry should be allowed to make suitable adjustments in regard to profits of the chargeable accounting period for such contributory liabilities even if the amount of such liabilities might have been paid in subsequent years.

11. **Administration and Relations with the Public.**—As spokesmen of the commercial community, it is our duty to place before you the general feeling of dissatisfaction against the treatment meted out to the public by the Income-tax Department. This is not the first occasion on which such complaints have been made. The question had been raised in the past even in the Central Legislature. Complaints about the lack of consideration by the Department for the convenience of the assessee were also put forward before the Income-tax Enquiry Committee. We are constrained to say that

there has not been any improvement in the position. It is the general feeling that the officers of the Department look upon the assessees with suspicion and subject them to inquisitorial formalities. The assessees are called numberless times; and on occasions even after specific appointments are made to wait. While we realise that tax as sanctioned by the law should be fully collected and adequately safeguarded, we submit that the Income-tax law of the country should not be used as a machinery of oppression against the public and the assessees. It is no pleasure to us to have to make these observations and we earnestly and sincerely hope that something will be done by strict Departmental instructions to cultivate an atmosphere of cordiality and good relations between the assessees and the Department.

Section 43 — Agent of Non-Resident.—Under Section 43 a person in British India can be made an agent of the non-resident if the non-resident has any business connection with such person or through whom such person is in receipt of any income, profits or gains in British India. Before such person is made an agent a notice is served upon him to show cause why the Income-tax Officer should not regard him as an agent of a particular non-resident.

In the actual administration of this section the taxpayers experience a lot of harassment, which it is desired to point out to you with a view that the same may be promptly remedied.

First, a notice served upon a person in one year holding him as an agent of a non-resident, is deemed to hold good for all subsequent years. To assume that once a person is appointed an agent under Section 43, he becomes and remains an agent for all subsequent years, is not to appreciate the changes that possibly may have occurred in business relationship between parties in the meanwhile. This is more so because the relationship assumed by law is merely hypothetical for purposes of the Act ; in fact, no agency might at all subsist. The relationship may be only relationship between principal and principal terminable at will. It is, therefore,

urged that it should be incumbent upon the Income-tax Officer to serve a fresh notice under Section 43 every year before the resident is regarded as an agent on behalf of a non-resident person. Executive orders should be issued to afford the agent opportunity to show that his relations with the non-resident since last year have subsequently changed and that the non-resident has no business dealings with him during the next accounting year.

Another direction in which harassment of the taxpayer takes place is that a notice under Section 43 on a resident person makes him an agent—if the Income-tax Officer's interpretation is to be believed—for all incomes of the non-resident in British India arising through business connections with him or any other person in British India. Thus, if A, a non-resident, deals in British India with B, C and D, B alone may be selected by the Income-tax Officer for assessing the entire income of A through B, C and D, notwithstanding that B has nothing to do with C or D, and further notwithstanding that B does not know what A's income through C and D in fact really is. Such an attitude is not warranted even under Section 43 as at present worded. Only such person in British India can be made an agent of a non-resident with whom he has business connection or through or from whom the non-resident derives some income in British India and to that extent only. The result of such an unreasonable and tyrannical attitude on the part of the Income-tax Officer will lead to any amount of harassments and hardships. First, how can a resident make a return, on behalf of his non-resident principal, on income he does not and cannot know ? How can he solemnly make a declaration that all the income of the non-resident has been returned by him ? How can he dispute the assessments in the absence of the records and books of accounts of other resident agents ? Then again, why should one agent be penalised by payment of tax on income earned by a non-resident through agencies other than his own ? The legal indemnity provided does not mean much of a safeguard or relief, where moneys have to be recovered from a non-

resident person, who, meanwhile, may have terminated his entire account with the particular agent in British India.

Replies of Mr. J. F. Sheehy, C.S.I., I.C.S., Member, Central Board of Revenue, at the interview with the Income-tax Sub-Committee of the Chamber on Monday, the 2nd September 1940.

Section 10 — Allowance of secret commission.—Mr. Sheehy observed that the Department would require the name of the recipients : firstly, for the purpose of proof of the commission having been paid, and secondly, for purposes of recovering tax from such recipients on the amount of commission. He however added that in a proper case if the Income-tax Officer was satisfied about such payments, having been made, he had discretion to allow the same, although he felt that there was no practical method of proving such payments without disclosing the names of recipients.

Section 17 — Definition of non-resident (Corporate and Incorporate Bodies).—He pointed out that the difficulty referred to by the Committee mainly arose in the case of Hindu Undivided families. The Central Board of Revenue would be issuing instructions for such Hindu Undivided Family assessees being treated as " a person " for the requirements of this section, such assessees being thereby liable to tax only at the world rate.

Section 26 — Partnership.—He pointed out that the reform suggested by the Committee would involve a modification of the existing provisions of the law. Government were not convinced of the need for the same ; however, instructions had been issued that where a firm made, before dissolution or succession, an application for registration, such registration should be allowed. Mr. Sheehy further suggested that if there were any specific cases in which real hardships were involved by the existing provisions of the said section, particulars of the same might be sent to the Commissioner of Income-tax for communication to the Board.

Section 33 — Power of Revision.—He pointed out that the power of revision vested in the Commissioners under the

section would lapse with the appointment of the Income-tax Tribunal recently announced. Government were, however, introducing a bill with a view to continue to vest in the Commissioners such powers of revision in regard to pending cases. If there were any particular cases, in which it was thought necessary or desirable that the Commissioner should exercise his power of revision, particulars of the same might be sent to the Commissioner who would look into the matter.

Section 41(1) — Private and Religious Trusts.—He pointed out that as the law stood at present such Trusts had to be assessed at the maximum rate ; he was not sure whether Government would be prepared to make any exception in favour of religious trusts. He however said that a note was being taken of the point for consideration.

Free and voluntary disclosures.—He observed that it was the general practice of the Department not to proceed against persons who had *bona fide* made such voluntary disclosures and who had contravened the provisions of the law due to ignorance, bad advice, or similar circumstances. In cases, however, where such disclosures were made anticipating the possibility of penal action or where the Department had reasons to suspect fraudulent intentions or actions, Government would not be satisfied with the mere reimbursement of the revenue lost.

Section 9 — Allowance for vacancies in property assessments.—The question of altering the basis of the allowance for vacancies under the section to a proportion of the *gross* annual value, instead of on the net annual value as at present, was under consideration of Government.

He was however unable to agree to the suggestion that the Urban Property Tax levied by the Government of Bombay should also be included as an allowance under the section.

Section 23 — Distribution of assessable profits.—He promised to consider the practical difficulties pointed out by the Committee regarding the application of the section. He added that in this matter every case was individually examined

by the Central Board of Revenue and that recently instructions had been issued that assessees could go to the Income-tax Officer immediately after their General Meeting and consult him with regard to the application of the provisions of Section 23-A in reference to profits of their companies.

Sections 34 and 35 — Reassessment and rectification of mistakes.—He was unable to agree to the suggestion made by the Committee regarding Section 34 for the grant of relief to the assessees in case of over-assessment evident during proceedings for reassessment under the section.

As regards rectification of mistakes (Section 35) he informed the Committee that recently instructions had been issued to the Department that any errors evident in the assessee's book of account or other statements from which Trading and Profit and Loss Accounts and Balance Sheets filed in the proceedings were prepared might be treated for purposes of the section as errors "apparent" from the records of assessment.

Shipping: (*a*) **Depreciation allowance on second-hand ships.**—He agreed that a larger percentage of allowance was authorised under the U. K. schedule of "Wear and Tear allowance" for second-hand ships; and the question of giving the same relief here was under consideration.

(*b*) **Higher percentage of depreciation during the war.**—He promised to consider the matter after the decision on the point in U. K. was known.

(*c*) **How purely extraneous circumstances will affect the working of the Excess Profits Tax.**—He felt that the proper remedy in such cases would be to take the matter before the Central Board of Revenue for fixing up increased standard profits.

(*d*) **Obsolescence allowance.**—He promised that Government would look into the matter.

(*e*) **Reserves for replacement.**—He observed that Government would consider the suggestion of the Committee after the point had been decided in U. K.

(*f*) **Certain contributory liabilities.**—He promised to look into the suggestion of the Committee.

Administration and relations with the public.—Mr. Sheehy observed that Government were anxious that relations between the Department and the public should always be cordial. He added that the Commissioner of Income-tax would go into any grievances in this regard which were brought to his notice.

Section 43 — Agent of non-resident.—He stated that Government were prepared to accept the suggestion made by the Committee that fresh notices every year under Section 43 should be issued before a resident was regarded as an agent of a non-resident. He also pointed out that such an agent would be made liable only to the extent of the funds he had of the non-resident principal ; the Act had given such agent power to retain such moneys of the principal. He added that the Commissioner would go fully into any specific cases in which it was felt that the working of the section had involved real hardships.

APPENDIX 51

Excess Profits Tax Bill.

Telegram dated 1st February 1940, from Chamber to Finance Department, Government of India.

" Business community much perturbed at proposed Excess Profits Tax involving heavy and unexpected increase of burden of direct taxation. Commercial community opposed to the very basic idea of the Bill which they consider premature and inopportune and which further violates the fundamental principle of taxation that before asking for fresh supplies the ways and means position should be completely disclosed. Further many clauses of the Bill are not in conformity with the professed object of Government as mentioned in the statement of objects and reasons in so far as profits before the period of and also those not due to war will be brought in.

Much damage already done with regard to stock values and prices of commodities affecting all investors and producers including agriculturists. Serious check would be given to plans and programmes for expansion of industry and for setting up new ones. Such heavy taxation so early in the course of the war is without financial justification and would bring ruinous economic consequences to all classes. Business whose increased profits will arise merely from rise of book values will be mulcted of their cash and will be prevented from making provision for the time when values would shrink. Serious check to trade and industry in India which has gone through a depressing period will be imposed by burdens that can lightly be borne in the United Kingdom where industries have been flourishing and have had some accumulations and can afford to pay but that would prove fatal to economic progress in India where conditions are different. Most of the features of the Bill entirely unacceptable to the commercial community. Procedure for determining standard profits unsatisfactory. Standards are fixed with reference to periods and conditions which were far from being normal but were sub-normal. Years selected in the Bill for exercise of option for fixing standard profits will be highly detrimental to many trades Industries and Commerce. The omission of the year 1938 namely previous year for 1939-40 from the standard years though not a war period is significant. Cannot understand why option is denied for anyone accounting year between 1935 and 1938 both inclusive. Alternative of allowing standard profit on the basis of a fixed percentage on the capital employed as on the last occasion in 1919-20 has been unjustifiably omitted. It is amazing that the tax should be proposed to be collected from April 1939 and such retrospective effect highly objectionable. Omission of a provision for Excess Profits Tax and Super-tax being alternately chargeable as on the last occasion regrettable. Provision disallowing carry forward of losses or depreciation highly unsatisfactory. Rules for computing average amount of capital too complicated and most unsuitable. The difference in the basis of allowing depreciation as between standard years and charge-

able accounting period on account of proposed introduction of the written-down value will result in artificially inflating the profits during the latter period. Statutory percentages too low and the amount fixed as minimum standard profit meagre. The wholesome practice of the life of a money Bill being limited to one year should be adopted and the tax made subject to review year after year. If Bill not dropped in response to public opinion Committee consider it essential that at all events life should be definitely limited to the period of the war. Detailed criticism by the Committee of the clauses of the Bill will follow in due course. Committee Indian Merchants' Chamber urge introduction and consideration of the Bill be postponed till the introduction of the annual budget.

Views of the Committee on the Excess Profits Tax Bill.

A telegram was addressed to you on the 1st instant by the Committee of this Chamber setting forth the views of the commercial and industrial community on the Excess Profits Tax Bill, and protesting against the proposal for this taxation and the means and methods of its levy. My Committee are deeply pained and amazed that the Government of India should have considered that this was the fittest period to bring such a measure of heavy taxation on the Statute Book, when barely six months had elapsed since the war began and when different industries and trade and commerce of the country have not yet found time to adapt themselves to the changed conditions. Government cannot be unaware of the cry that has gone forth from practically all the responsible Indian commercial and industrial organisations that they should at once organise and set agoing machinery for fostering and developing new industries. Their attention also has been drawn to the fact that the last war found the country entirely unprepared and that the close of that war found a few new industries going on but that the indifference and apathy of Government soon brought them to an untimely end. My Committee, along with other commercial bodies, have therefore been urging since this war started that Government

should take all possible steps in the way of organising Boards and Committees of industrialists and scientists with a view to a rapid promotion of industries and have also been asking that such new industries should be given an assurance that interest in them would not lapse with the end of the war. My Committee have been putting all this before Government, with a view to show that, while still the industrial community was trying to enlist the sympathy of Government with a rapid industrialisation which would help both the country and the prosecution of the war, Government have come down with the present proposal which would act as hammer blows on all the dreams and visions of the commercial and industrial community and which would definitely put a stop to any schemes being set afloat for new industries. The heavy incidence of taxation, combined with the procedure prescribed for determining standard profits and standard periods, will act as a damper on the new industries. A similar Bill was introduced at the time of the last War, but only when the War had come to an end. It is true that this was preceded by a Super-tax Bill, but even that was introduced three years after the war started; and the Excess Profits Tax Bill which was brought forward then provided for several safeguards, which are not found in the present Bill. Government are thus proposing to introduce a measure which will be highly detrimental to the commercial and industrial interests of the country, and will kill all hopes which India entertained of starting new industries which would prove helpful in developing the country and even in the prosecution of the war.

2. It is pertinent to point out in this connection that the slab system for Income-tax which was introduced last year increased considerably the incidence of direct taxation in the form of Income and Super taxes. On that basis, therefore, the existing scales of income and super taxes will already secure to Government increased revenue, the more so from incomes over a particular limit. After such substantial increases and within one year of these changes, it is very unfair to bring in a measure of direct taxation which will press

heavily on the persons and undertakings having incomes over Rs. 20,000 per annum.

3. In considering the question of increased profits or excess profits, it should not be forgotten that during the last one decade, the country was passing through a period of severe depression. This led to a serious attenuation of the resources of the commercial community and of the general public and crippled their holding capacity. It is not necessary here to enter into a detailed discussion of the effects and consequences of such a state of affairs. Before any claim can, therefore, be made of the country having turned the corner or of people being in a position to make abnormal profits, time must be allowed for conditions to be stabilised for the people to have breathing space to set their house in order and to attain normal and standard conditions. It is, therefore, unfair to impose a fresh burden before allowing sufficient time to set right and repair the damages of the past.

4. The Bill is thus not wanted, as it will be a suicidal measure. There are also constitutional reasons why such a bill should not have been thought of. It is a fundamental principle that no taxation can be or should be proposed as long as the ways and means are not fully and clearly shown by Government. What has happened in this case is that the Indian public are entirely ignorant of the ways and means position of the Government of India who have not taken the public into their confidence with regard to the war bill that they have footed upto now and with regard to their immediate financial requirements for prosecuting the war. When recently the British Chancellor of the Exchequer introduced his resolution for the levy of Excess Profits Tax, he disclosed all the salient and fundamental features of the budgetary position of the British Government. There is not, however, a word here still disclosed either through a press communique or otherwise which might explain the course Government have taken in this matter.

5. The Statement of Objects and Reasons says that the outbreak of war while it has necessitated a greatly increased

expenditure by Government on Defence and other services, has simultaneously created opportunity for earning by companies and persons engaged in business of abnormally large profits. My Committee are obliged to point out that while with regard to the first part of the sentence Government have not indicated what is the greatly increased expenditure on Defence and other services ; on the other hand in the second part thereof they have assumed for their own purposes that companies and individuals will be earning abnormally large profits. My Committee, from what experience they have of commercial and industrial concerns in this Province, would like to point out that upto now these so-called abnormally large profits have not been earned by any commercial or industrial concerns and their experience in this connection will be borne out by commercial organisations in other parts of the country. While thus the abnormally large profits have not been earned, there has been still a great lack of adaptation as pointed out above, to the changed circumstances, and this, instead of getting any profits, let alone abnormally large profits, has resulted in commercial and industrial concerns passing through a period of disorganisation.

6. It is mentioned in the Statement of Objects and Reasons that the object of the Bill is to secure for Government a considerable portion of the additional business profits which accrue as a result of the conditions prevailing during the war. One should have thought from this that the new taxation would be levied strictly on war business and confined to profits from supplies like munitions and other products essential for the war. As a matter of fact, it is evident from the Clauses that the levy is not to be restricted to such business only, but is also going to be extended to all business which has shown even a normal growth. There are several companies and individuals who may not have received any war orders or whose business may not be directly dependent upon the war and its operations, and yet who may have shown a fairly good growth of their own business in a strictly normal way. Surely, it is neither fair nor just to ask these people to pay this new tax which, as Government themselves say, will

be secured from profits which accrue as a result of the conditions prevailing during the war. It must also be remembered that the war actually started from 1st September 1939 and Government have proposed to impose the new tax on all profits earned after 1st April 1939. Surely, it is extremely improper and iniquitous and contrary to claims made in the Statement of Objects and Reasons, to give retrospective effect to the tax from 1st April 1939. If the Bill is at all to be introduced and placed on the Statute Book, my Committee would strongly urge that the Bill should be operative from 1st April 1940, and they hope that this suggestion of theirs, which is quite fair and reasonable and based upon previous practice, will be accepted by Government.

7. Government are setting up a procedure for determining standard profits, a procedure which my Committee consider is highly unsatisfactory. These standards are fixed with reference to periods and conditions which were far from being normal but were sub-normal. Thus they have taken the profits of the previous years to assessment years 1936-37 or 1937-38 or the average of 1936-37 and 1938-39 or the average of 1937-38 and 1938-39, as the standard profits. These years, my Committee may point out, were years in which India was still passing through the effects of the great depression. This can be verified by a reference to the amounts of income-tax paid on business profits during those years, particulars for which are available with the Department. Not only this, but there are certain sections of business which were especially lean during the period chosen by Government. To ask these companies to calculate their standard profits on these particularly lean years will be tantamount to inflating their present profits and charging higher Excess Profits Tax than what should be deemed fair under the circumstances.

8. My Committee, therefore, suggests that any of the following assessment years, namely,

year ending 31st March 1937,
year ending 31st March 1938,
year ending 31st March 1939, and
year ending 31st March 1940

should be allowed at the option of the assessee as the standard period. My Committee would also suggest that a further option should be given to the assessee for calculating standard profits by a fixed percentage on the capital employed in the business.

9. My Committee have already indicated in their telegram some of the objectionable features of the Bill such as difficulties that will arise in the matter of allowing depreciation, previous foreign profits, double taxation that would result on account of the super-tax and excess profits tax being both charged, the inadequacy of the statutory percentage fixed, the minimum profit of Rs. 20,000 fixed, the high rate of 50 per cent tax, and disallowance of carry forward of losses.

10. It is a wholesome practice which is being adopted that the life of a money bill shall be limited to one year and where the tax burden should be continued after such period, the same shall be subject to an annual review. On the last occasion also, the excess profits tax was levied for one year. My Committee cannot understand why Government have introduced now a Bill without any limitation of the period for it. They would therefore strongly suggest that the practice of the life of the bill being limited to one year should be adhered to, and it should be specifically provided that the Excess Profits Tax, if it is to be levied, shall be only for a period of one year.

11. Since the beginning of the War in September last, the prices of agricultural commodities began to rise in India. After years of continued depression this tendency of a rise in prices, particularly of staple commodities was a welcome relief. There were, however, talks about measures to control or regulate such rise in prices. The commercial community lost no time in making known to Government that they were against any artificial impediments in the way of denying to Indian agriculturists the long-needed relief. The Excess Profits Tax will, in the opinion of my Committee, have the indirect effect of a check on the rise in the general level of

prices and consequently will hit hard the agriculturists in the country. Thus while the Bill is designed to tax profits arising out of war business, the most important indirect effect would be that all the markets connected with agricultural commodities will be depressed with disastrous consequences to the general agricultural economy of the country. This aspect of the matter should not be lost sight of.

12. The Hon'ble the Finance Member is reported to have said during the course of his speech in the Assembly while introducing the Bill that the measure would affect only about 5,000 assessees. This is misleading. Whatever may be the number of assessees, who may be directly paying excess profits tax as such, the tax would indirectly and generally affect a larger number of people in the country. Thus, in the case of a company all the shareholders would be affected, for the quantum of profits that would be taken away by the tax would deny to them the increased payments on account of dividend they would otherwise be getting, and the number of shareholders so affected will certainly run into thousands, if not lakhs. The tax would also indirectly affect the whole country by its regressive effect and also by the depreciation in the capital values of industrial and commercial scrips and of the prices of agricultural commodities. The effects of the tax would be felt therefore by quite a large number of people and the figure of 5,000 given by the Finance Member is not correct.

13. It is necessary to reiterate that my Committee are entirely opposed to the Bill and would like the whole scheme to be abandoned. They have, however, thought fit to suggest changes and modifications of the provisions of the Bill, so that if Government, in response to public opinion, do not see their way to drop the Bill, at least the provisions thereof may be made less objectionable.

14. With these general remarks, my Committee would now proceed to give their suggestions on the different Clauses of the Bill.

In the preamble, after the word "business" add the following words :—

"which accrued as a result of the conditions prevailing during the War with a view to meet increased expenditure on defence and other services."

Cl. 2.—Sub-Cl. (5) : In lines 4 and 5, after the word "profession" add the words : "or vocation".

Second proviso should be deleted.

Sub-Cl. (6) : Chargeable accounting period should mean the period commencing from 1st day of April 1940.

Sub-Cl. (11) : Dividend shall not include distribution of profits accumulated before 1st April 1940.

Sub-Cl. 22 (a) : It should be 10 per cent instead of 8 per cent per annum.

Sub-Cl. (23) : While ascertaining profits for purposes of this Act, depreciation should be calculated in the manner provided by the Indian Income-tax Act, 1922, before it was amended by the Act of 1939.

Cl. 4.—Percentage should be substantially reduced.

Add the following further proviso :—

"Provided further that Excess Profits Tax shall not be payable in respect of dividends or other income received by Banking companies as defined by Section 277-F of the Indian Companies Act, Insurance Companies, (*and companies or societies referred to in the proviso to Clause* 2 (5)) which have already borne excess profits tax at source."

N.B.—The words in italics should be omitted if the 2nd proviso to Cl. 2 (5) is deleted.

Cl. 6.—Sub-Cl. (1) and (2) be substituted by following :—

Standard profits of a business in respect of any chargeable accounting period shall, subject to the provisions of sub-clauses (3) and (4), be as follows :—

An amount calculated at the rate of 10 per cent or at such rate not less than 10 per cent as may be prescribed

on the average capital of the business as existing at the end of the chargeable accounting period in which case the average capital of the business shall for purposes of this Act be ascertained in accordance with the provisions of Schedule II. (*This was allowed under the old Act X of* 1919.)

or

at the option of the assessee the profits in respect of any one of the following assessment years :—

Year ending 31st March 1937,
Year ending 31st March 1938,
Year ending 31st March 1939, and
Year ending 31st March 1940.

Provided that if the average amount of capital employed in the business during such chargeable accounting period is greater or less than the average amount of capital employed during the standard period such amount should be increased or decreased as the case may be by an amount which shall bear to the standard profits the same proportion as such increase or decrease of capital bears to the average capital so employed in the chargeable accounting period. (*This was allowed under the old Act X of* 1919.)

Sub-Cl. (3) : Delete the word "then" occurring in line 8 of the Sub-Clause.

Sub-Cl. (3) proviso : Add the words "free of income-tax" after the word "annum" in sub-para (a) of the proviso.

Sub-Cl. (4) : This sub-clause should be so changed as to provide a minimum standard profit of Rs. 30,000 in the case of an individual and Rs. 60,000 in the case of a Company.

Cl. 7.—Relief proposed in this Clause should also be given to a successor in business.

Cl. 8.—Change the date to 1st April 1940, wherever necessary.

Sub-Cl. (3) : To be deleted.

It should be clearly provided that if a person to whom the business is transferred in whole or in part or a successor of a business after 1st April 1940 only should be made liable to tax after the date of the transfer ; but he shall not be liable for the profits made by his predecessor in the business during the chargeable accounting period.

Cl. 10 (3) : To be deleted. Such a penalty is not provided in the English Act.

Cl. 11 : (*Vide Section 49D of the Income-tax Act*) Relief in respect of tax charged in countries not providing for relief in respect of British Indian Excess Profits Tax should be provided.

Cl. 12 (1) : Add the word " Super-tax " after the word " Income-tax ".

Add the following new Clause 12-A :—

" Where the profits of any business are chargeable to Excess Profits Tax under the provisions of this Act and to Super-tax under the provisions of the Indian Income-tax Act, 1922, then—

(1) If the amount chargeable as excess profits tax exceeds that chargeable as super-tax, excess profits shall alone be charged, and

(2) If the amount chargeable as super-tax exceeds that chargeable as excess profits tax, super-tax shall alone be charged and the provisions of this Act and the Income-tax Act, 1922, shall be construed accordingly."

(*Note.*—This relief was given under the Act of 1919).

Cl. 14 (3) : This clause shall be substituted by the following :—

" Where two or more persons were carrying on the business jointly in the chargeable accounting period, the assessment shall be made upon them jointly and in the case of a partnership may be made in the partnership name if the

partnership is not registered. If, however, the partnership is registered in accordance with the provisions of the Indian Income-tax Act, 1922, the assessment shall not be made on the partnership firm but separate assessments shall be made on the individual partners."

Note.—The above substitution follows the method in force under the Income-tax Act and there is no reason why for the purposes of the Excess Profits Tax the same should not be followed and partnership incomes should be sought to be assessed jointly.

Cl. 15: The period of re-opening should be reduced to 4 years, so as to correspond with the period for rectification of mistakes as provided in Clause 19.

Cl. 16: Maximum penalty shall not exceed half the amount of the tax.

Cl. 17: Both the provisoes be deleted. An appeal shall lie against decisions of the Excess Profits Tax officers.

Cl. 19: Power to rectify mistakes should be extended to mistakes in any evidence recorded in the course of assessment.

Cl. 20: Between the words 'modifications' and 'if' in lines 4 and 5, the following be inserted :—

> "as may be necessary to carry out the purposes of this Act, provided no additional burden shall thereby be imposed on the person liable to payment of Excess Profits Tax."

Note.—This amendment is suggested with a view to provide that the power of modification which is being taken under the clause is not used in such a manner as would affect the assessee adversely.

Cl. 25: The words "which was in existence before 31st March 1936" be omitted, as all businesses are to be placed on the same footing.

Cl. 25, proviso (a) (i): Add: "Free of Income-tax" after the words "per annum".

Schedule I.

Rule 1 : The following additional proviso be added to this rule :—

" Provided further that

(*a*) Any profits which arose or accrued outside British India before 1st April 1939 (*before 1st April* 1940), to a resident of British India shall be exempt from the Excess Profits Tax even if such profits are remitted to or received in British India during the chargeable accounting period ;

and

(*b*) in the case of a person who shall be a resident of British India carrying on business to which this Act applies, the standard profits may be ascertained after including therein any profits which arose or accrued to him outside British India during the standard period even though such profits or any part thereof had not been remitted to or received in British India during such standard period."

Note.—The above amendments seek to provide that—

(1) foreign profits which arose or accrued before April 1939, or April 1940, whichever date is accepted finally, shall not be liable to Excess Profits Tax even if such profits are brought into the country during any subsequent period when the Excess Profits Tax is in force because these were past profits and not at all due to war ;

and

(2) in arriving at standard profits for the years prescribed as standard periods, credit shall be given to foreign profits during those years which may not have been brought into the country then, because in the absence of such a provision the real and true profits of the standard period cannot be arrived at equitably.

Rule 2: Losses of previous years should be allowed to be carried forward to the chargeable accounting period.

Depreciation allowances should be calculated on the basis of the rates prescribed under the Indian Income-tax Act, 1922, before it was amended by the Act of 1939, with the addition of a 20 per cent increase on the said rates. (*A similar provision exists in the English Act*).

Rule 3 (3): The word "partly" after the words "wholly or" shall be substituted by the word "mainly".

Rule 4: Proviso to this rule be deleted, as individuals should be placed on the same footing as companies.

Rule 5 (2): For the words "five per cent", substitute the words "fifty per cent".

Schedule II.

Rule 1 (1) and (2): Depreciation should be calculated in the manner provided by the Indian Income-tax Act, 1922, before it was amended by the Act of 1939.

Rule 3: Delete the proviso, as no distinction should be made between a company and an individual.

15. As the Bill is a measure of far-reaching importance to the commercial and industrial community, in conclusion, my Committee would suggest that representatives of important commercial organisations like this Chamber should be invited to the meetings of the Select Committee with a view to acquainting the members of that Committee with the commercial and industrial viewpoints and with a view to placing definite suggestions and proposals before them. This is all the more necessary because of the absence from the Legislature of the largest opposition party. It may be recalled that at the time of the Select Committee on the Reserve Bank Bill, experts and non-official representatives were invited for such consultation.

"A Public Meeting under the auspices of the Indian Merchants' Chamber and several other Commercial Associations was held on Friday, the 9th February 1940 at 6 p.m.

(S.T.), at the Sir Cowasji Jehangir Hall to protest against the Excess Profits Tax Bill, when Mr. Chunilal B. Mehta, President of the Chamber presided."

Resolution I

"This Public Meeting of the Commercial, Industrial and Trading community of Bombay held under the auspices of the Indian Merchants' Chamber and several allied organisations (mentioned overleaf) strongly and emphatically protests against the proposed Excess Profits Tax involving heavy and unexpected increase of burden of direct taxation. The commercial community is opposed to the very basic idea of the Bill which they consider at present premature and inopportune.

"This meeting further considers that the proposed new taxation will be a heavy handicap on the holding capacity of the commercial community and will definitely give a setback to any further enterprise in the field of industrialisation of India. The procedure and method of determining standard profits and standard years selected are unfair and unjust and would result in the payment of much higher Excess Profits Tax than would otherwise be payable.

"This meeting considers that the rate of 50 per cent proposed for the tax is too high for this country and will be a great blow both to existing and new industries. This meeting urges most emphatically that the Bill should be withdrawn in the interests of trade, commerce and industry and also agriculture."

Proposed by :—Sir Purshotamdas Thakurdas, C.I.E., M.B.E.
Seconded by :—Hon'ble Sir Rahimtoola Chinoy.
Supported by :—Mr. S. D. Saklatvala, M.L.A.
„ J. C. Setalvad.
„ Gordhandas G. Morarjee.

Resolution II

"This Meeting considers that the Select Committee appointed to consider the Bill is not of a representative character

at all and urges that additional representative commercial people should be taken on it, and also suggests to Government that representatives of important commercial organisations should be invited to meetings of the Select Committee with a view to acquainting the members of that Committee with the commercial and industrial viewpoint and with a view to placing definite suggestions and proposals before them."

Proposed by :—Mr. K. R. P. Shroff.
Seconded by :—Prof. Sohrab R. Davar, M.L.C.
Supported by :—Mr. Jagmohandas J. Kapadia.
„ Gajadhar Somani.

Resolution III

"The President of this Meeting be authorised to communicate the above Resolutions to the Government of India."

Proposed by :—Mr. Begraj Gupta.
Seconded by :—Mr. Madhavlal M. Bhatt.

Vote of thanks to the Chair

Proposed by :—Mr. Vithaldas D. Govindji.
Seconded by :—Mr. Dhirajlal C. Modi.

List of Associations

1. The Association of Indian Industries.
2. The Bombay Bullion Exchange, Ltd.
3. The Bombay Commission Agents' Association.
4. The Bombay Cotton Merchants' and Muccadums' Association, Ltd.
5. The Bombay Country Fancy and Grey Piecegoods Merchants' Association.
6. The Bombay Diamond Merchants' Association.
7. The Bombay Glass Bangle Merchants' Association.
8. The Bombay Grain Dealers' Association.
9. The Bombay Grains and Seeds Association.
10. The Bombay Kharek Bazaar and Mewa Merchants' Association.

11. The Bombay Kariana Merchants' Association.
12. The Bombay Malabar Kariana Merchants' Association.
13. The Bombay Motor Merchants' Association.
14. The Bombay Oil Merchants' Association.
15. Bombay Piecegoods Native Merchants' Association.
16. The Bombay Press Owners' Association.
17. The Bombay Rice Merchants' Association.
18. The Bombay Shareholders' Association.
19. The Bombay Shroff Association.
20. The Bombay Steel Traders' Association.
21. Bombay Type Foundry Owners' Association.
22. The Bombay Yarn and Silk Merchants' Association.
23. The Bombay Yarn Exchange, Ltd.
24. Butter Manufacturers' Association.
25. The Chamber of Income-tax Consultants.
26. The East India Cotton Association, Ltd.
27. The Ghee Merchants' Association.
28. The Grain Merchants' Association.
29. The Gum Merchants' Association.
30. The Hindustani Native Merchants' Association.
31. The Indian Insurance Companies Association.
32. The Indian Motion Picture Producers' Association.
33. The Indian National Steamship Owners' Association.
34. The Indian Stock Exchange, Ltd.
35. Lohar Chawl Hardware and Glass Beads Merchants' Association.
36. Maharashtra Chamber of Commerce.
37. The Mahratta Chamber of Commerce and Industries.
38. Marwadi Chamber of Commerce, Ltd.
39. The Memon Chamber of Commerce.
40. The Memon Merchants' Association.
41. The Metal Exchange Association.
42. The Motion Picture Society of India.
43. Multani Shikarpuri Shroff Association.
44. Muccadum Association.
45. The Native Share and Stock Brokers' Association.
46. The Seeds Traders' Association, Ltd.
47. Shri Mahajan Association, Ltd.

48. Silk and Art Silk Mills Association, Ltd.
49. The Silk Merchants' Association.
50. The Sugar Merchants' Association.
51. The Bombay Iron Merchants' Association.

APPENDIX 52

War Risk Insurance on Land.

Telegram dated 28th June 1940 from Chamber to Commerce Department, Government of India.

Committee Indian Merchants' Chamber seriously perturbed over the state of nervousness prevalent in commodity and other markets in Bombay and the heavy slump in prices of agricultural products. Recent developments connected with war have accentuated the situation. Paucity of export markets combined with inadequacy of shipping freight has led to accumulation of stocks. Apprehensions about the possibility of loss or damage to such stocks by enemy action a chief contributory factor for feelings of anxiety and suspense. The situation calls for immediate action on the part of Government as otherwise a serious crisis will develop undermining the economic fabric of the country. Committee earnestly request that the Government of India will be pleased immediately to institute and announce a scheme for the insurance of commodities and goods including manufactured products against war risk on the lines of the commodity insurance scheme in force in the United Kingdom under Part 2 of the War Risk Insurance Act, 1939. Such a step will have a heartening effect and will help immediately to relieve tension. Committee are forwarding separately, suggestions regarding further remedial measures which should be undertaken to restore confidence.

Press Note dated 18th July 1940 from the Commerce Department, Government of India.

At the instance of various Associations in Bombay and Karachi the Central Government have recently been con-

sidering the establishment of a Government Scheme for War Risk Insurance on commodities on land in British India and they sent to Bombay representatives of the Commerce Department to discuss the matter with the various Associations who had consulted them. The reports of these officers have now been considered and the Central Government are satisfied that a scheme is practicable.

2. At present the war risk covered by the description King's Enemy Risks is slight, but the Central Government recognise that if a scheme to cover such risks is generally desired, it is necessary that, as the actuarial risks involved in such insurance are not calculable, it should be introduced by Government and worked as a Government scheme.

If, however, such a scheme is introduced, it is necessary that it should be prepared on sound bases, which necessitate the initial building up of a fund from which claims can be met. This was the principle which was adopted in the United Kingdom where the original rate of premium fixed was $\frac{1}{2}\%$ per month which was subsequently reduced to $\frac{1}{4}\%$ per month.

3. A rough outline of the scheme which the Central Government have under consideration is given below. It follows generally the lines of the United Kingdom scheme modified to suit conditions in India.

(*i*) Risks to be insured against King's Enemy Risks as defined in the United Kingdom Act, that is, generally speaking, risk of loss or damage caused by the acts of an enemy or by acts done in repelling an enemy.

(*ii*) Commodities to which the scheme will apply. All commodities, except those such as growing crops, coal, cement, certain metals and other ores which are excepted in the United Kingdom scheme and mineral oils of all descriptions.

(*iii*) War risk insurance will be compulsory in the case of all stocks of commodities of a value of Rs. 20,000

or more which are insured against fire, and voluntary in the case of stocks of commodities which are not insured against fire or which are insured for a less sum than Rs. 20,000.

(*iv*) The rate of premium will be fixed at three monthly intervals, and will be adjusted (either by increase or decrease) on the basis of experience. The rate proposed in the first instance is 1|8th per cent per month which is ¼ of the original British rate.

(*v*) The scheme will be administered by Fire Insurance Companies in India as Agents of the Central Government.

(*vi*) Premiums received will be paid into a Fund. Claims will be met from the Fund but if the Fund proves insufficient to meet claims the necessary contribution to the Fund will be made from General Revenues. If at the end of the War the balance in the Fund is in excess of claims, that balance will be credited to General Revenues.

4. Various Associations in India are being consulted on these proposals and on receipt of their replies which have been asked for urgently, the matter will be further considered by the Central Government.

Letter No. 1687, *dated* 25*th July* 1940 *from Chamber to Commerce Department, Government of India.*

I am directed to refer to your letter No. 49-C(3)|39, dated 18th July 1940, forwarding a copy of the *Press Communique* issued by Government containing a rough outline of a scheme under consideration for War Risk Insurance on commodities on land in British India, and inviting views on the same.

My Committee are strongly of opinion that the rate of premium at 1|8 per cent per month proposed by Government is excessively high. Trade in commodities in the country is carried on a very low margin and the charges at the above rate will prove to be a burden. Moreover, since recently the commodity markets have been experiencing a heavy slump.

It may also be pointed out that the extent of war risk in this country of any loss or damage by enemy action is comparatively limited. My Committee, therefore, suggest that the rate of premium should be fixed, at the first instance, at 1/32 per cent per month with a proviso that on the basis of experience gained the same should be reduced further. Having regard to the fact that the scheme is to be made compulsory beyond prescribed limits, it is necessary that the rate fixed for the same should be reasonable. My Committee hope that the Government of India will be pleased to reduce the rate of premium accordingly.

Press Note dated 26th August 1940 from the Commerce Department, Government of India.

The Central Government have carefully considered the objections raised by various commercial interests to the scheme proposed for war risk insurance on goods in British India. These objections referred mainly to three points, the compulsory nature of the scheme, the rate of premium proposed, and linking compulsion with fire insurance. There was, however, general agreement that some scheme should be introduced.

The Central Government are satisfied that in order to secure the free movement of goods—and such free movement has an important bearing on the maintenance of commodity prices throughout India—it is necessary that merchants should be in a position to insure their goods against war risks. Though these war risks may seem at present more imminent in some places than in others, it would be not only inequitable but also detrimental to the free movement of goods either to place the whole cost of insurance on merchants in those areas or to provide for differential rates of premium for different areas. The Central Government are therefore satisfied that it is necessary that the cost of meeting these risks should be spread among the persons chiefly concerned over the whole of India, and they feel that the fairest and most suitable method of achieving this end is by making insurance compulsory throughout India at as low a rate of premium as

possible and thereby spreading among all sellers of goods the probable cost of making good damage that may be caused to the goods of a few. They consider further that it is better not to link compulsion with fire insurance, as otherwise a tendency might develop to give up fire insurance.

Government have therefore decided to introduce a scheme of compulsory war risk insurance on goods on land or inland waterways in India. Under this scheme Government will themselves be the insurer and will make it compulsory for all sellers of goods (other than certain goods that are excepted) holding goods to a value of Rs. 20,000 or more in any district or Presidency town to insure such goods against War Risks. The initial rate of premium has been fixed at half-anna per cent per month which is one-quarter of the rate originally suggested. This rate of premium will remain in force for three months after which it will be adjusted in the light of future developments.

An Ordinance to give effect to the scheme has been approved by the Governor-General and that Ordinance together with certain Rules is being published today. The scheme will not, however, be brought into effect at once as there must be some short delay while the necessary arrangements are being made with the insurance companies to act as agents of the Central Government for the administration of the scheme.

The scheme does not provide for insurance against war risks of buildings, machinery and other forms of immovable property. The Central Government do not consider that an insurance scheme is a suitable manner for dealing with possible damage to immovable property resulting from war risks and they are closely examining the feasibility of adopting as an alternative the procedure that has been adopted in the United Kingdom. In that country a Committee has been appointed to estimate the extent of any damage caused to immovable property by war risks as soon as such damage occurs and the Government have announced that they will, on the conclusion of the war, ask the Legislature to agree to

give compensation to such extent as may be found possible in consideration of the total amount of damage that may have been suffered.

APPENDIX 53

War Risk Insurance for Petrol and Fuel Oil.

Letter No. 2625, dated 25th November 1940 from Chamber to Commerce Department, Government of India.

The Government of India have, by their Notification No. 15-W.R.I.|40, dated 1st October 1940, issued a schedule of articles which are not insurable for purposes of War Risk Insurance scheme and as such are not intended to be covered by the provisions of the War Risk Insurance Ordinance, 1940. "Mineral Oils of all descriptions" is one of the items included in the schedule; the cover under the insurance scheme therefore, is not available to all kinds of mineral oils, which includes petrol and fuel oil.

Petrol and fuel oil are goods of a highly inflamable character and, therefore, easily susceptible to damage by fire on account of enemy action. As a matter of fact, in modern warfare oil installations are targets for deliberate and sustained attacks by enemies and special care is taken to protest such installations from attacks. Conservation of oil, with a view to avoid any possible shortage for civil requirements, is also very necessary, as a precaution during war times. Private interests cannot be expected to run the risk attendant on holding such supplies of petrol and fuel oil. Their resources naturally are limited. The equity of spreading the risk and loss inevitable in conditions created by war has been recognised by Government by the introduction of the War Risk Insurance scheme and there is no reason why protection given by the scheme should not be extended to such important articles as petrol and fuel oil. My Committee, therefore, request that Government will be pleased to include mineral oils of all descriptions within the scope of the War Risk

Insurance scheme and to agree to cover stocks of such oil at the various installations in India.

There is one particular aspect connected with the discussion of this matter to which my Committee would like to draw the attention of Government. Over and above the two large groups representing oil interests there is in the country an Indian company importing and stocking petrol and fuel oil. The larger concerns, it is understood, have their own internal scheme of insurance which would perhaps also meet the requirements of the present situation as far as they are concerned. Moreover, they have large capital and reserve resources with them and even in the event of any damage by enemy action, they may be able to withstand the shock and survive to continue their business operations. In the case of the Indian company, however, a different position exists. If they are not protected by an insurance cover against possible damage on account of the risk connected with war, they will not be able to withstand any eventual loss and their very existence will be threatened. Moreover, if the protection of such a scheme is not vouchsafed to them, they will not have the necessary confidence to secure and hold adequate supplies of petrol and fuel oil.

My Committee hope that the Government of India will be pleased to consider all aspects of the matter and extend the scope of the insurance scheme for all mineral oils particularly petrol and fuel oil.

APPENDIX 54

War Risk Insurance on China Clay.

Letter No. 2549, dated 14th November 1940, from Chamber to the Commerce Department, Government of India.

The Government of India have, by their Notification No. 3-W.R.I.|40, dated 26th August 1940, issued a schedule of articles which are not insurable for purposes of the War Risk Insurance scheme, and as such are exempt from compulsory insurance under the Ordinance in question. It has been

pointed out to my Committee that China Clay is not in the schedule and as such is not exempt from insurance. The material is non-combustible and there is no likelihood of any damage to the stocks of China Clay by enemy action or any risks incidental to war. The merchants interested in China Clay have approached my Committee with a request that the Government of India should be moved to include the said article in the schedule thereby exempting it from the requirements in regard to compulsory insurance. My Committee request that the Government of India will be pleased to consider the above request favourably and to issue the necessary notification exempting China Clay from the operations of the War Risk Insurance scheme.

Letter No. 49C.W.23, dated 2nd December 1940, from the Commerce Department, Government of India to Chamber.

With reference to your letter No. 2549, dated the 14th November 1940, I am directed to forward a copy of this Department Notification * No. 19-W.R.I.|40, dated the 30th November 1940, exempting China Clay from the operations of the War Risks Goods (Insurance) Ordinance, 1940.

APPENDIX 55

Rate of Premium for Rain and Fresh Water Risks.

Letter No. 2036, dated 7th September 1940, from Chamber to the Secretary, Bombay Underwriters' Association, Bombay.

My Committee are informed that recently the rate of premium for insurance covering rain and fresh water risks was increased from 1 anna to 4 annas per cent. They further understand that the loss experienced in regard to this type of risk would not justify any such increase in premium. They would, therefore, like to know as to the circumstances under which your Association thought it fit or necessary to increase the rate of premium as above. They also suggest that this matter may be reconsidered with a view to the original level of premium being restored.

* Not enclosed.

Letter No. 285|31, *dated 17th September* 1940, *from the Secretary, Bombay Underwriters' Association, Bombay to Chamber.*

I refer to your letter No. 2036, dated 7th instant, and am directed to inform you that in deference to the views generally expressed by Members of this Association, my Committee have decided to allow the Rail Risk to be dealt with under the existing tariff and to fix a rate of 3 annas per cent to cover the risk of Fresh and|or Rain Water Damage by steamer as from the 16th June to 30th September this year and in future from 1st June to 30th September (both dates inclusive) for *all interests other than metals*, for which the rate is 4 annas per cent.

APPENDIX 56

Insurance Rates for Private-owned Godowns.

Letter No. 496, *dated 21st February* 1940 *from Chamber to the Secretary, Bombay Fire Insurance Association, Bombay.*

My Committee are informed that recently the rates of premia for insurance of godowns owned by the Bombay Port Trust have been reduced by 20 per cent. No such reduction, however, has been granted to private-owned godowns. In this connection, I am desired to refer to the correspondence between my Committee and your Association in the year 1934 ending with your letter No. 946E, dated 15th May 1934, regarding the disparity in rates as between Port Trust godowns and private-owned godowns. My Committee welcome the present decision of the Fire Insurance Association to reduce the rates for Port Trust godowns. They feel, however that the same reduction should also be extended to godowns owned by private parties. It is pertinent to point out that the basic rates for private-owned godowns are already higher than those for Port Trust godowns. Whatever may be the justification for such a difference in the basic rates, there is no need to make the disparity in rates more unfair to

private-owned godowns by denying to them the advantage of the recent reductions.

As my Committee recently pointed out to your Association, the prohibition placed by the new Insurance Act on payment of rebates has substantially reduced the expenditure incurred by Insurance Companies in procuring business. It was generally expected that a part at any rate of the saving caused thereby would be shared by the Insurance Companies with their constituents in the shape of a substantial reduction in rates. At all events, in the opinion of my Committee, there is no justification for denying to a section of the insuring public the benefits of any reduction made in the rates for almost the same type of risk and assets.

My Committee, therefore, request that your Association will be pleased to consider this matter and to bring about a corresponding reduction in the rates of premium for private-owned godowns.

Letter No. 1834|3, *dated 12th March* 1940, *from Bombay Fire Insurance Association to Chamber, Bombay.*

I refer to your letter of the 21st ultimo and am directed to inform you that my Committee regret that in the light of experience and in respect of the privately-owned godowns, they are unable to make any reduction in the rates for these godowns without sprinkler protection.

APPENDIX 57

Town Duty Refund Rules.

Letter No. 591, *dated 6th March* 1940 *from Chamber to Municipal Commissioner, Bombay.*

My Committee have seen the representations addressed to you by several merchants and trade associations of the City. I am directed to write to you that they fully endorse and support the representations. In fact my Committee, since a long time past, have been agitating on this question and were

responsible for the amendments brought forward before the Municipal Corporation for a change in the Rules for the Refund of Town Duty. The Municipal Corporation passed a resolution on 28th November 1935 to modify the Town Duty Refund Rules as follows :—

> "Provided that any *bona fide* clerical or arithmetical mistake in any of the documents or errors arising therein from any accidental slip or omission will not be deemed to be a material omission or discrepancy."

This resolution was forwarded to the Standing Committee for necessary action, and the Standing Committee resolved that as recommended by the Corporation the Town Duty Refund Rules be amended by the above proviso and the Commissioner be requested to submit to Government for sanction. Unfortunately such a sanction was not accorded by Government as, according to them, in terms of Section 194-A of the Municipal Act, the Town Duty Refund Rules could not be amended unless the amendments first emanated from the Municipal Commissioner and were approved by the Standing Committee.

In view of this, my Committee beg to approach you with a request that, considering this long-standing grievance of the mercantile community and the difficulties and inconveniences several businessmen have been labouring under,—not to mention the monetary loss they are put to,—you will be pleased to take the initiative yourself and to suggest the amendment of the Rules for sanction by Government. My Committee do not enter into details of the question, at this stage, as the whole case was previously submitted to the Corporation and Government and is now again submitted to you in detail in the representations of merchants and Associations above referred to.

III.—TRADE, INDUSTRIAL AND LABOUR LEGISLATION.

APPENDIX 58

Provisions of the Indian Companies Act, 1936, regarding Reduction of Capital.

Letter No. 2638, dated 25th November 1940, from Chamber to the Commerce Department, Government of India.

The attention of my Committee had been drawn to certain difficulties experienced by Joint Stock Companies in the matter of conforming to the existing provisions of the Indian Companies Act, 1936, governing reduction of capital.

Under Section 58 of the Act, consent of every creditor is required before a Company is entitled to reduce its share capital. Experience has shown that in some cases it is not practicable to conform to this requirement. Thus in the case of Insurance Companies, every policyholder would be a contingent creditor and where an Insurance Company desires to reduce its capital, as there would be quite a large number of such policyholders, it would be almost impracticable to obtain their consent before any such reduction can be made. While the instance given above regarding insurance companies illustrates the difficulty in a glaring manner, there are also many other cases where it would be difficult to secure the individual consent of creditors. Companies which issued bearer debentures will also be similarly placed and they will be faced with the difficulty of even not knowing who the debenture-holders are at the requisite time. My Committee are aware that under Section 59 of the Act, such consent can be dispensed with on the companies concerned offering to deposit sufficient securities to cover the debts in question. In the case of insurance companies, the liability is a contingent one, and moreover the exact amount which would cover the same on the date of reduction cannot be easily ascertained. Moreover, it may also not be feasible to allow the locking up of an unnecessarily large sum to cover all such debts.

The solution for the above difficulty would be to empower the Court to dispense with consent of creditors, or a class thereof, in appropriate cases. In the United Kingdom also this difficulty was experienced and the Greene Committee in their report in 1926 recommended the change suggested above ; the Committee's observations and recommendations on the point were as under :—

> "Para 20(*b*).—The absence of wide discretion in the court to dispense with lists of creditors has frequently led to inconvenience and expense."
>
> "Para 21 III.—The court should be empowered in special circumstances to dispense with a list or consent of creditors even where there is a diminution of liability of unpaid share capital or payment to a shareholder of paid-up share capital."

The English Act was accordingly modified, and now under the corresponding provisions of the English Companies Act the court in its discretion can waive such consent in regard to any class or classes of creditors. Section 56(3) of the English Companies Act provides that—

> "Where a proposed reduction of share capital involves either the diminution of any liability in respect of unpaid share capital or the payment to any shareholder of any paid-up share capital, the court may, if having regard to any special circumstances of the case it thinks proper so to do, direct that sub-section (2) of this section shall not apply as regards any class or any classes of creditors."

It may be pointed out that in making this change the interests of creditors are not in any way prejudicially affected. After all, it is a discretionary power vested in the Court and the Court may be expected to exercise the discretion judiciously. The Court would agree to waive the consent only in cases where it is satisfied that securities offered in the shape of assets and other provisions are sufficient to meet all such liabilities, actual or contingent. My Committee wonder how this point escaped the attention of the Government of India when the Indian Companies' Act was revised in 1936.

Another point, which also affects companies which propose to reduce their capital, to which my Committee would like to draw the attention of Government, is in regard to the requirement under Section 57 of the Act for adding the words "and reduced" to the name of the companies concerned. Under the said section in the case of a company which has reduced its capital, it has, as a matter of course, to add to its name "and reduced" as the last words in its name and the said words are to be deemed as a part of the name of the company for such time as the Court may fix. It is interesting to note in this connection that the English Companies Act also, before it was amended and consolidated by the Act of 1929 contained analogous provisions. The report of the Greene Committee, which formed the basis for the consolidating Act made the following recommendation in this regard :—

> "Para 20(*a*).— . . . On the other hand the evidence is unanimous that the use of the words 'and reduced' fulfils no useful purpose in the ordinary case and, moreover, tends unnecessarily to affect the company's credit.
>
> "Para 21.— . . . Where capital is reduced the obligation imposed by Section 48, to use the words 'and reduced' before the hearing of the petition should be abolished and the company should only be bound to use the words if the Court on making the confirmatory order for special reasons so directs."

The above recommendation was implemented and under Section 57(2)(*a*) of the English Act the words "and reduced" has to be added only if the Court for special reasons thinks proper so to order. My Committee submit that the corresponding provisions in the Indian Companies Act should also be similarly changed and the words "and reduced" may be included as a part of the name of the company concerned only in such cases in which the Court specially directs such inclusion.

My Committee hope that the Government of India will be pleased to consider the above suggestions favourably and

take necessary steps to amend the Companies' Act at an early date, so as to remove the hardship on the commercial community.

APPENDIX 59

Insurance Business carried by Trade Unions.

Letter No. 2728|33|19329-D., dated 5th October 1940, from the Finance Department, Government of Bombay to Chamber.

I am directed to state that under the Provisions of the Indian Trade Union Act, 1926, a Trade Union is allowed to carry on any form of insurance activity without being under any obligation to secure professional advice as to the actuarial soundness of such insurance business. Moreover, by virtue of Section 118 of the Insurance Act, 1938, any insurance business carried on by a Trade Union is not subject to the provisions of that Act.

It has been suggested to the Government of India that in the interests of the trade unionists themselves it is undesirable that such a highly technical business as insurance should be carried on as a side activity by Trade Unions without the protection of supervision by any Department of Government having the necessary technical staff to exercise it. There is also a possibility that persons who have in the past been carrying on unsound schemes of insurance now banned by the Insurance Act may seek the shelter of the exemption granted to Trade Unions for the purpose of continuing their unsound methods from within the Trade Union movement.

The most common example of unscientific schemes, carried on in the past and prohibited by the Insurance Act, 1938, is what is known as insurance business on the dividing principle. A description of such business may be found in Section 52 of the Insurance Act, 1938, which section prohibits insurers from indulging in such schemes. Similarly Section 69 of that Act prohibits provident societies from doing busi-

ness on the dividing principle. This form of insurance business has no scientific basis, is inherently unsound and has been condemned by the actuarial profession. It offers a large scope for fraud on the part of agents and the persons in charge of the business. Although the business might superficially report progress at the initial stages as long as the membership is increasing, past experience and actuarial considerations show that when membership falls, as it eventually must, the members existing at the time the decline sets in are left with little or no protection to show for their contributions. In the past, many insurers and provident societies carrying on such business have failed, involving a loss of large sums of money to a considerable number of policyholders.

There is nothing at present to prevent Trade Unions carrying on insurance business on the dividing principle and some Trade Unions appear to be actually doing so. There has moreover been a case of an insurer transferring all his insurance business on the dividing principle to a Trade Union which is carrying it on unhampered by the restrictions imposed by the Insurance Act in the interests of policyholders.

It appears therefore that it is necessary to consider carefully the question of controlling the insurance activities of Trade Unions. Objections may be raised on the ground that any such control will curtail the privileges of Trade Unions, but in fact supervision of the business by qualified persons is actually not a curtailment of the privileges of a Trade unionist but a benefit conferred on him. In the interests of the members of trades unions and to afford proper guidance to and supervision over managements, who have little knowledge of the proper conduct of insurance activities, it is proposed to consider the application of the Insurance Act, 1938, with such modifications as may be necessary to insurance business carried on by Trade Unions.

It appears that the following modifications in the provisions of the Insurance Act, 1938, may be necessary or desirable before applying it to the insurance business of a Trade Union :—

(*a*) Deposit provisions may be the milder ones provided for Mutual Companies and Co-operative Societies in Section 98 and not the more onerous ones in Section 7. This is a concession to the Trade Unions in view of their financial resources and of the fact that they resemble mutual concerns rather than proprietory ones.

(*b*) The Minimum limits prescribed in Section 4 may not apply to Trade Unions which may want to encourage insurance business among the poorer members equally with members who can afford to insure for more than Rs. 500.

(*c*) Section 6 relating to working capital may not apply, which is again a financial concession as (*a*) above.

(*d*) The provisions of Part III may apply to the insurance business conducted by a Trade Union if the limits set in Sections 65 and 66 are strictly conformed to. The provision relating to the working capital may, however, be dispensed with. It is suggested that so far as they are not inconsistent with the concessions already proposed in this paragraph the other provisions of the Act, its schedules and the Rules framed under the Act should apply *in toto* to the insurance business carried on by the Trade Unions in view of the considerations set out in the previous paragraphs.

2. I am to request that you will be good enough to communicate to this Department your opinion on the above proposals and suggestions together with the opinions and suggestions of the Committee of your Chamber.

3. The reply to this letter may please be sent as urgently as possible and in any case not later than the 25th October 1940.

Letter No. 2459, *dated* 26*th October* 1940, *from Chamber to Finance Department, Government of Bombay.*

I am directed to acknowledge the receipt of your letter No. 2728|33|19329-D, dated the 5th October 1940, on the

above subject and in reply to send hereby the views of my Committee on the proposals contained therein.

My Committee agree, in principle, to the suggestion that life insurance business transacted by Trade Unions should be subject to supervision of the Government of India by the application of the provisions of the Indian Insurance Act to such business. At the same time, they realise that having regard to the resources available with Trade Unions, it may not be desirable to apply all the provisions of the Act governing Life Insurance business to such business transacted by Trade Unions and that certain modifications in the provisions of the Act would have to be made in respect of life insurance business carried on by Trade Unions. In the opinion of my Committee, Trade Unions should be authorised to do only such type of business as is allowed to be transacted by Provident Societies under Part III of the Act, i.e., such Unions should not be allowed to issue a policy of insurance for a sum exceeding Rs. 500 exclusive of profit or bonus and that the provisions prescribed in Part III of the Insurance Act regarding Provident Societies should *mutatis mutandis* apply to insurance business carried on by Trade Unions. My Committee feel that changes as above in the provisions of the Insurance Act will meet the requirements of the case.

APPENDIX 60

Sickness Insurance.

Letter No. 4594, dated 17th June 1940, from the Commissioner of Labour, Government of Bombay, to Chamber.

I am directed by Government to forward for your information a copy of the Government of India, Department of Labour, letter No. L. 3019, dated the 16th May 1940 on the above subject and to request you to be good enough to furnish this office with the views of your Chamber on the point referred to therein, namely, whether your Chamber is willing to accept the principle of compulsory contribution to sickness

insurance funds, and if so, whether your Chamber has any suggestions to make in the matter.

2. I am to request that your reply may kindly be sent so as to reach this office by 8th July 1940 at the latest.

Copy of a letter from the Government of India.

Provincial Governments,

You are aware that sometime ago the question of sickness insurance for workmen was examined in great detail by the Central Government in consultation with the Provincial Governments and, for the reasons summarised in their letter No. L. 3019, dated the 1st May 1937, it was decided to take no further action on that question. Considering the importance of sickness insurance for the welfare of the industrial labourer, the Central Government decided however to place it for discussion before the first Conference of Labour Ministers which was held in January last. * Copies of the Proceedings of this Conference have already been forwarded to Provincial Governments/You. I am directed to invite attention to the discussion on the subject in the proceedings of the Conference. The Conference realised that the problem was not so much the lack of medical facilities but one of enabling the worker to maintain himself and his dependents during Periods when he is unable to work and earn a living because of sickness. The Conference came to the conclusion that for this purpose sickness benefit funds would be appropriate and that further action for setting up such funds may be considered after it has been ascertained how far employers and workmen are willing to contribute compulsorily to such funds. Contributions from the employees who would be benefited by such schemes and from the employers who have a responsibility in the matter of welfare of their workmen are a necessary pre-requisite to the formulation of any scheme of sickness benefit. In what proportion the two parties should contribute and what the quantum of

* The discussion on the subject will be found at pages 57-62 of the Indian Industries and Labour Bulletin No. 70, copies of which can be had from the Manager of Publications, Delhi, at Rs. 1-4-0 per copy.

contribution should be, are matters of detail which can be gone into once the parties concerned accept the principle of compulsory contribution. It is clear that any further progress in the matter of sickness insurance can be made only if that principle is generally accepted. The Government of India would therefore be glad if the Provincial Government/you will kindly consult the important associations of employers and workers in the province on the question whether they are willing to accept the principle of compulsory contribution to sickness insurance funds and to forward their replies with the comments of the Provincial Government/with your comments by the 1st September 1940.

Letter No. 1435, *dated 28th June* 1940 *from Chamber to the Commissioner of Labour, Government of Bombay.*

Your letter No. L. O. 4594, dated the 17th June 1940, on the above subject was placed before my Committee at their last meeting and in reply I am directed to inform you that, in their opinion, in view of the prevailing unsettled conditions as a result of the developments connected with the war, the present time is not opportune for considering long-range questions of the kind referred to in your letter. They feel that consideration of such matters should be deferred till normal conditions are restored. My Committee, therefore, suggest that the Government of Bombay will be good enough to suggest to the Government of India that they should not pursue this matter further at this stage.

APPENDIX 61

Drugs Bill.

Letter No. 643, *dated 13th March* 1940, *from Chamber to Department of Education, Health and Lands, Government of India.*

I am directed by the Committee of this Chamber to address you on the question of the Drugs Bill, introduced in the present session of the Indian Legislative Assembly and to send to you hereby their views thereon.

In their Statement of Views on the Drugs Bill of 1937, which sought to control only the imports of drugs and medicines, they had emphasised that such control should also be extended to the manufacture and sale of drugs and medicines within the country. My Committee are in entire accord with the principle of the present Bill, which seeks to regulate the import as well as the manufacture, distribution and sale of drugs, which alone could make such legislation fully comprehensive, and which was long overdue.

It may, however, be brought to the attention of Government that this Bill ignores many important aspects of such legislation and disregards many difficulties which have been time and again brought to the notice of Government by the trades and Spirit and Pharmaceutical industries concerned.

It will be recalled that on the recommendation of the Indian Industries Conference, the Government of India had convened a Conference of Excise Commissioners of British Indian Provinces and major Indian States at New Delhi on 8th November 1937 to discuss the question of obtaining uniformity of excise rules in the Provinces and States and removal of the inter-provincial barriers which have proved a great handicap in the development of the spirit and pharmaceutical industry in the country. Although valuable unanimous decisions, bearing on the principle and provisions for uniform excise rules and regulations, controlling the spirituous medicinal preparations, were taken at that Conference, they have been left unimplemented. Particularly this Bill should have incorporated the principle of uniformity of drug control rules in the Provinces.

Although the Provincial Governments empowered the Central Legislature to enact legislation for the control of such matters as fall within the Provincial Legislative list, this Bill does not provide for the application of uniform standards of quality of drugs in Provinces. My Committee feel that the object of the Bill would be frustrated if the Provinces were allowed to fix different standards for the drugs prepared in their respective areas, in the same way as the present diver-

sity of excise rules and regulations controlling the spirituous medicinal preparations in different Provinces and States.

The Bill does not seek to regulate the manufacture, distribution and sale of drugs in Indian States. As there are important manufacturing concerns operating in Indian States, it is necessary in the interest of the healthy growth of the industry that the manufacture of drugs, in both the Indian States and British India, should be controlled on a uniform basis and under one legislative Act. The Committee are aware of the technical and constitutional difficulties which may arise in an attempt to legislate for the whole of India, but they feel that it would not be beyond the powers of the Central Government either to arrange by reciprocal arrangements or otherwise to achieve the object in view.

As stated above, the spirit and pharmaceutical industry has been suffering from diversity of excise rules and regulations, which act as inter-provincial barriers in the free movement of drugs from one province to another or from an Indian State to a British Indian Province or British administered area.

The Central Government have had occasions in the past to come to agreement with the Indian States in such matters as had bearing on British India and Indian States. This drug control envisaged by the Drug Bill is of serious importance to both British India and the Indian States and therefore, it is necessary that Government of India should make reciprocal arrangements with the Indian States in respect of this Bill and achieve uniform drug control regulations for the whole of India.

With these general remarks, my Committee have to make the following observations with regard to some of the important clauses of the Bill.

CHAPTER I

Clause 1(3).—It is provided that Chapter III relating to import of drugs shall come into operation from such date as the Central Government may appoint in this behalf, while

Chapter IV relating to the manufacture, sale and distribution of drugs takes effect in a particular province only from such date as the Provincial Government may fix by a notification. My Committee are of opinion that it is necessary that the provisions of Chapters III and IV should be brought into operation and be effective simultaneously in their application to both imports and manufacture, sale and distribution of drugs. As regards control of manufacture, sale and distribution of drugs, the clause does not lay down that Chapter IV shall come into operation on a particular day simultaneously in all the provinces. The danger arising from such an arrangement would be that while one province may be prompt in enforcing the application of Chapter IV another may make an inordinate delay in its application, resulting in different state of conditions in different provinces. It is, therefore, suggested that both Chapters III and IV should be simultaneously brought into operation by the Central and Provincial Governments on a definite day.

Clause 3(b).—Under this sub-clause the definition of "drug" as worded is too wide and includes, all medicines, simple and compound. It excludes medicines and substances exclusively used or prepared for use in accordance with the Ayurvedic or Unani systems of medicine. Hence it is feared that simple and compounded medicines will escape the control under the definition of drug provided in this clause, and the manufacturers and distributors will seek protection under the exclusion provided in the definition of drug. It is, therefore, suggested that the words "other than medicines and substances exclusively used or prepared for use in accordance with the Ayurvedic or Unani systems of medicines" be deleted.

Clause 3(d).—In the definition of "patent" or "Proprietory medicines", under this sub-clause, the word "artificial" may be deleted.

CHAPTER II

Clause 5(2).—This clause relates to the constitution of the Drugs Technical Advisory Board, which is proposed to

be formed to advise the Central as well as the Provincial Governments on technical matters arising out of the administration of the Act. As formed under this clause the Board is weighted with a majority of officials and cannot command as such the confidence of the manufacturers and the general public. It is suggested that representatives of manufacturers, medical profession and scientists be included on this Board. Upon this body will devolve the responsibility of carrying out the technical part of the administration of the Act and, therefore, equal representation should be given to manufacturers, doctors and scientists on this Board to make it an effective body, and the officials should not have a majority on the Board. Unless the Advisory Board commands the confidence of the manufacturing interests, medical profession, and the general public in the country, its working will not be above reproach or criticism. It is, therefore suggested that the Board should have an adequate number of representatives from the manufacturing interests and the medical profession.

Clause 6(1).—Under this clause the Central Government shall establish a Central Drugs Laboratory under the control of a Director to be appointed by the Central Government. It it suggested that the qualifications required for the post of the Director should be defined.

Clause 6(2).—The functions of the Central Drugs Laboratory are to be prescribed by the Central Government after consultation with the Board. It is suggested that the same should not be left to be decided by the Rules but should be defined in the Act itself. Alternatively, my Committee would suggest that the rules prescribing the functions of the Central Drugs Laboratory may be made by the Central Government with the approval of the Technical Advisory Board provided that such a Board has an non-official majority.

CHAPTER III

Clause 8(a).—This clause relates to conditions under which a drug shall be deemed to be misbranded. The words 'or substitute for' in the clause be deleted.

Clause 8(d).—This clause should read as "If it is so coloured, coated, powdered or polished that damage is concealed." The rest may be deleted.

Clause 8(f).—This clause should be deleted.

Any drug prohibited in the country of origin should not be allowed to be imported. A sub-clause to this effect may be added.

Clause 9(d).—In this clause relating to the prohibition of the import of certain drugs, it is suggested that the word "composition" may be substituted in place of the word "formula" and that after the words "medical profession" may be added "or the Drugs Technical Advisory Board."

Clause 9(e).—This clause should be deleted.

Clause 11(2)G.—Under this clause the Central Government is empowered to make rules requiring the stamping of the date of manufacture on the container of any specified imported drug. The requirement should be restricted to biological products only.

Clause 11(2)I.—This clause should be deleted being too vague and too wide.

Clause 12.—Penalty for contravention prescribed under this clause should be restricted to fine only.

Clause 14.—Appeals should be provided under this clause.

CHAPTER IV

Clause 16.—Changes similar to those suggested in clauses 8(*a*), 8(*d*) and 8(*f*) should be made in clauses 16(*a*), 16(*d*) and 16(*f*) respectively.

Clause 17(1).—This clause should not apply to stocks held by merchants prior to the date of enforcement of the Act.

Clause 17(4).—This clause should be deleted.

Clause 19.—Under this clause, Provincial Governments may appoint Government analysts. It is suggested that Gov-

ernment should keep a list of private or public analysts of prescribed qualifications, and recognise and appoint them for such areas and in respect of such drugs or classes of drugs as may be specified in the notification.

Clause 21(a).—This clause deals with the powers of Inspectors to enter and inspect premises wherein drugs are manufactured. Such Inspectors should be entitled to enter such premises for the purpose of taking samples only, and should not have the right of inspecting the plant or the process of manufacture.

Clause 24.—A private or public analyst on Government list as per suggestion on Clause 19 above should be empowered to certify samples of drugs submitted to him for analysis.

Clauses 26, 27 and 29.—In these clauses penalty may be restricted to fine only.

SCHEDULE I & II

The standards prescribed under these two Schedules should be identical to obtain uniformity in standards for the imported and indigenous drugs and medicines. It should be the function of the Board to so advise the Central and the Provincial Governments that the standards for both the schedules may be identical. The foreign pharmacopoeias such as those of U. S. A. and Switzerland should be also recognised in addition to those prescribed in the schedules.

APPENDIX 62

Export Cess on Myrabolams under the Agricultural Produce Cess Act, 1940.

Letter No. 1091, *dated* 10*th May* 1940, *from Chamber to the Collector of Customs, Bombay.*

The attention of my Committee has been drawn to the fact that since recently an export cess of half a per cent is

being levied and collected on exports of myrabolams from the country. They are also given to understand that the cess is being levied under the provisions of the Agricultural Produce Cess Act, 1940.

In this connection, my Committee wish to point out that in the schedule under Section 3 of the said Act, myrabolams are not included or mentioned as being one of the articles liable to the levy of the cess. In the circumstances, my Committee would like to have information as to how the cess is being collected on this commodity.

It has been suggested to my Committee that perhaps myrabolams is being regarded by the Customs authorities as a drug and as such the cess is being collected on it on the strength of the inclusion of drugs as one of the items in the schedule. If this assumption is correct, my Committee would point out that it would not be proper or correct to class myrabolams as drugs. It is used mainly as a tanning material, and the export is also mainly for use in the process of tanning. Having regard to the fact that it is mainly used as a tanning material and that it is being exported for such use, it is unfair to treat it as a drug on the basis of the above Act and to collect the cess on the same.

My Committee, therefore, request that steps may be taken to get the orders issued in this connection revised so as to exclude myrabolams from the levy.

Letter No. C. 926|40, dated 20th May 1940, from the Collector of Customs, Bombay to Chamber.

I have the honour to refer to your letter No. 1091, dated 10th May 1940, on the above subject and to state that the question of the classification of the article under reference has been referred to the Collectors of Customs at other ports. On receipt of their replies a further communication will be sent to you.

Letter No. 1151, dated 16th May 1940, from Chamber to the Secretary, Department of Education, Health and Lands, Government of India.

I am directed by my Committee to address Government on the Agricultural Produce Cess Act passed by the Indian Legislature at its last session.

The above legislation was rushed through all the stages in one session, that it was not possible for the public and the commercial community to express their views on the same to Government. In fact, when the Bill was introduced, it was hoped that it would be circulated for public opinion and that an opportunity would be given to those who were affected by the provisions thereof to have their say. Unfortunately, Government did not adopt such a course, and the Bill was passed through all the stages in one session. Although, thus, the Act has been placed on the Statute Book and the cess is already being collected, my Committee wish to convey to Government their opposition to the principle of the cess and to the legislation in question.

The cess is being levied with the object of enabling Government to have the necessary finance for the activities of the Imperial Council of Agricultural Research. The Imperial Council was started in 1929, and the expenditure of the Council in 1938-39 amounted to only Rs. 11 lakhs. Government, it appears, are anxious to avoid this expenditure from the general budgetary resources of the Central Government, although it is so vital to the agricultural interests of India.

It is very unfair to suggest that the expenditure incurred in research of agricultural improvements should be met from agricultural sources. After all, the Imperial Council of Agricultural Research is not a commercial department, which should be guided by the axiom of having to pay for its own way. Agriculture is the back-bone of the country. The general resources of the country are dependent on the success of agriculture and the revenue which the Central Government and the Provincial Governments collect is also to a very

large extent, either directly or indirectly, contributed by or from sources connected with agriculture. The argument that the expenditure incurred on agricultural research and improvement should be met by a special levy on the products of agriculture is unconvincing and cannot be sustained. It should be treated as a normal recurring expenditure of the States and should be paid for by the ordinary budget resources available. My Committee are, therefore, not able to agree in principle to the assumption underlying this levy, viz., that special expenditure for improvements of the condition of a very large section of the community should be made by a levy on the community or commodity which stand to benefit by such activities.

The export trade of the country is of paramount importance from more considerations than one. In the first place, India needs a large balance of trade. Any restrictions, therefore, on the exports of staple commodities and agricultural products have to be avoided. It is well-known fact that the large export business is done at a margin or commission which is between 1 per cent and 2 per cent, and even then the competition is such that a rebate out of this has to be given at times. Therefore, Government can well consider what this cess of ½ per cent will mean and what handicap it will cause. On the other hand, recently all countries are pursuing a policy of helping and stimulating exports. Special export bounties and credits are given for this purpose. There are also instances where the State takes an active interest in finding out fresh avenues of export and in instituting special machinery to pursue vigorously the search for new markets. It has often been the claim of commercial institutions like this Chamber that the Government of India should also adopt a policy of active and direct assistance to exports. Instead, Government are now adding even to the cost of export by a levy which, in its incidence, is very wrong in principle and is likely to have undesirable consequences in the future.

My Committee, therefore, request that the Government of India will be pleased to reconsider the matter and abolish the cess in question, at an early date.

Letter No. F. 8-40/A (Camp), dated 30th May 1940, from Government of India, Department of Education, Health and Lands to Chamber.

In continuation of this Department letter No. F. 8-40/A, dated the 22nd May 1940, I am directed to say that all the points of criticism made in your letter No. 1151, dated the 16th May 1940, had been carefully considered by the Government of India before they decided to introduce legislation. They were also dealt with during the debates in the Central Legislature. The Government of India see no reason, therefore, to repeal the Act so soon after its enactment.

APPENDIX 63

Agricultural Produce (Grading and Marking) Act, 1937; inclusion of Wheat in the Schedule.

Letter No. A. 45 (52), dated 26th November 1940, from the Agricultural Marketing Adviser to the Government of India to Chamber.

I have the honour to refer to the Agricultural Produce (Grading and Marking) Act, 1937, and to state that in connection with the proposal which was circulated to all Provincial Governments in June 1938 for the inclusion of certain additional commodities to the Schedule to the Act, which *inter alia* included *ata* (since included in the said Schedule), the Punjab Government suggested that in addition to the commodities proposed, wheat and rice should also be included in the Schedule. A similar recommendation for the inclusion of wheat of specified varieties to the Schedule was also made by the Wheat Committee of the Imperial Council of Agricultural Research at its second meeting held in Simla in September 1937 as well as by the Marketing Officers' Conference held in Delhi in April 1938.

2. I now gather that, with the ambitious programme of block sowing of improved varieties of wheat such as Chandausi, C 13, Punjab 518, Pusa 4, etc., in the United Provinces, the Government of those Provinces would welcome any measure

aimed at giving encouragement to the growers of these improved varieties by enabling their produce to be graded under the Agmark and thus obtain better returns. It is also anticipated that grading of wheat may become popular in this province because of the tendency among the consuming public to purchase wheat and have it ground as and when required to ensure the freshness of the product.

3. As you are probably aware, *ata* is at present being graded under the 'Agmark' scheme and the developmental work so far undertaken indicates that 'Agmark *ata* is attaining a considerable measure of popularity wherever it is available in the market. It would not be unreasonable to expect that with the growing demand for the Agmark product apart at least of the premiums obtainable eventually be passed on to the grower of the raw material. One way of achieving this object is to link Agmark *ata* with improved varieties of wheat for which there is a good demand particularly from retail consumers. If therefore the Agmark could be applied to such varieties of wheat I would inspire the trade and consuming public with additional confidence respecting the quality of *ata.*

4. It will perhaps be agreed that at present there is not sufficient protection for the buyer in regard to the genuineness of the various types of wheat which are offered as improved varieties. The Agricultural Produce (Grading and Marking) Act, has been passed so as to give legislative protection against unauthorised persons using or copying departmental marks with impurity. The Schedule to the Act as it stands at present does not include "Wheat of specified varieties" so that such protection cannot be given to wheat. The Central Government is, however, empowered to add this commodity to the Schedule, by notification, after consulting the interests concerned. The usual procedure adopted is to circulate proposals to add new commodities to the Schedule of the Agricultural Produce (Grading and Marking) Act, to all Provincial Governments and such trade interests as the latter may desire to consult. Before taking any further steps

in the matter, I would like to be assured that the proposal meets with general approval. If necessary I shall be glad to reply to any enquiries with a view to clearing up any possible misunderstanding.

5. I may add that in order to comply with the present provisions of the above Act, it is not possible to narrow down the definition of a commodity to be included in the Schedule in terms such as "wheat of specified varieties", and the general name only must be mentioned. However, the addition of wheat to the Schedule is only an enabling measure. While this notification is being issued, it still remains to draft rules for the marking of the specified varieties of wheat selected. In order to comply with the Act, the rules must be published for opinion before they are promulgated and the intention is that as soon as the notification is issued and the rules drafted, grain trade associations and other commercial bodies would be consulted in order to ensure that they are acceptable.

6. I should also like to make it clear at the outset that the inclusion of wheat in the Schedule should not be regarded as likely to interfere with or impings on any of the existing trade contracts for wheat or the terms adopted in respect of the All India Standard Contract for wheat. The analogy of cotton of specified varieties (e.g., 1027 A.L.F.), being graded under the Act, without prejudice to the existing standards of the East India Cotton Association, which are based on regional types (e.g., Broach, Surat, etc.), will it is hoped, make the position quite clear. Once the principle of adding wheat to the Schedule is accepted, no great difficulty is anticipated in drawing up suitable standards for specified varieties. I also hope that the suggested grade specifications will be as simple and non-contentious as possible, though, as already stated in paragraph 5 above, the trade will be fully consulted before such standards are finally drawn up.

7. It is requested that if you have any objections to wheat being included in the Schedule to the Agricultural

Produce (Grading and Marking) Act, 1937, these may please be communicated to me at a very early date.

Letter No. 2774, dated 10th December 1940, from Chamber to the Agricultural Marketing Adviser, Government of India.

I am directed to refer to your letter No. A-45(52) of the 26th November and in reply to say that my Committee approve of the proposal to include wheat in the Schedule of the Agricultural Produce (Grading and Marking) Act, 1937.

APPENDIX 64

Draft Rules under the Motor Vehicles Act, 1939.

Letter No. 2809|39, dated 5th March 1940, from the Secretary, Revenue Department, Government of Bombay to Chamber.

I am directed to forward herewith a copy * of Government Resolution No. 2809|39-I, dated 29th February 1940, sanctioning the provisional publication of draft rules framed under the Motor Vehicles Act, 1939, and to request you to forward to Government the remarks of your Chamber as soon as possible, but not later than the 18th instant.

Letter No. 697, dated 18th March 1940, from Chamber to the Secretary, Revenue Department, Government of Bombay.

In reply to your letter dated the 5th March 1940, I am directed to send herewith the views of my Committee on the draft rules framed under the Motor Vehicles Act, 1939.

Rule 4: Public Service vehicles — Authorisation to drive. Sub-Rule (a).—In this rule "licensing authority" be substituted for "regional authority."

Where there are no regional headquarters but only a licensing authority, it will be difficult to get the authorisation of Regional Authority endorsed on such licences. The drivers in such places, if required by the Regional Authority to appear in person for getting their licences endorsed, will be put to

* Not enclosed.

the inconvenience of a long journey for the purpose. It is, therefore, suggested that authorisation by the Licensing Authority should be sufficient.

Consequential changes should be made in Rule 5(*b*) and sub-rule (*c*) of Rule 7 should be deleted.

Rule 12(c).—The fee for a duplicate driving licence should be Rs. 3 and not Rs. 5 as provided in the draft rule.

Rule 15 'L' Plate.—It is suggested that the letter should be at least three-fourths of an inch thick.

Rule 20—Schools of motoring.—Such rigid control of schools of motoring as contemplated by this rule is not necessary unless it is the intention of the authorities to accept certificates issued by such schools as provided in Section 21(2) sub-clause (1) of the Act.

Rule 32—Registration—Temporary.—Under this rule, certain Automobile Associations and firms of automobile dealers should be authorised to issue temporary certificates as provided in model Rule 39(*a*).

Rule 34—Registration fees.—The fees fixed under this rule are excessive. It is suggested that they should not exceed the level of present fees charged under the Act of 1935. The fee for duplicate certificate of registration should be Rs. 2.

Rule 38—Hire-purchase Agreement—Sub-Rule (b).—The signature of the hirer on the application for cancellation of the Note on Form G should not be made necessary.

Sub-Rule (e).—The fee of Rs. 10 for endorsement of a note on a certificate of registration is excessive. In fact, no fee should be charged under this rule.

Rule 43(1)—Trade Certificates.—The Registering Authority may be furnished with a list of second-hand cars held in stock by dealers quarterly and not half-yearly as provided in this rule.

Sub-Rule (j)(iii).—This clause should be deleted as there is no need for a duplicate record of a trip being carried by

the driver and retained for 30 days when the entry regarding the same is already made in the register.

Rules 46 & 47.—It is suggested under these rules that adequate travelling allowances should be fixed for non-official members of the Provincial Transport Authority and Regional Transport Authority to ensure their regular attendance at the meetings. Under these rules the Chairmen of the Provincial and Regional Authorities are entitled to nominate *pro-tem* Chairmen in their places when they are unable to attend meetings. It is suggested that the right of appointing substitute Chairmen on such occasions should be vested in the members themselves.

Rule 58 — Permit fees.—There should be no extra fee for Part B of the permit.

Rule 59 — Limitation of seating capacity of stage carriages to 25 in specified areas.—The limit laid down under this rule will be a hardship to the services. If the buses take care to keep to the laden weight permitted for goods vehicles, they should not be prohibited from carrying a larger number of passengers.

Rule 75(b) — Appeals against the orders of the Provincial Transport Authority.—Such appeals should be heard by a Judge of the High Court or by a Tribunal with a Judge of the High Court as Chairman and should not be disposed of by a Government Department which controls the Provincial Authority itself.

Rule 76 — Appeals against Regional Authority.—The deposit fee for appeals against Regional Authority under this Rule should be reduced. The prescribed fee of Rs. 25 is excessive.

Rule 78 — Appeals — Refund of fee on.—Refund of fee payable under this Rule to a successful appellant should be made compulsory and not at the discretion of the Appellate authority.

Rule 102 — Motor cabs — Taxi-meters.—Stipulation of six cars under this Rule is unnecessary. The authority should not have the power to enforce taxi-meters on motor cabs meant for private hire.

Rule 106 — Brakes.—In sub-Rule (*b*) occur the words "heavy motor vehicle." It is suggested that heavy motor vehicle should be properly defined.

Rule 116(c) — Prohibition of non-pneumatic tyred vehicles as from April 1942.—Regional Transport Authority should be empowered to exempt special vehicles from the operation of this sub-section.

Rule 118 — Speedometers.—Speedometers under this rule should not be made compulsory as the speed limit of 35 miles in Bombay city is effectively governed by the authorities.

Rule 125 — Turning circle.—In the larger towns of the province, where the roads are sufficiently broad, permission should be granted for operation of special long wheel-base vehicles such as school buses, fuel tankers, etc. Regional Transport Authority should be empowered to permit wheel-bases in excess of 66 ft. at their discretion.

Rule 126 — Direction indicators and stop lights — Sub-Rule (h).—An additional proviso should be added as follows :

> "Provided also that nothing in this rule shall prevent the fitting of a direction indicator at the rear of a vehicle not conforming to this rule provided that the driver of the vehicle gives the necessary signal as though the direction indicator was not fitted."

Rule 153 — Floor Boards.—Provision for covering of floor boards with coir or rubber mats should not be made compulsory under this rule. It is advisable to delete this rule altogether.

Rule 168 — Speed Governors.—Speed Governors when made compulsory should not be set to govern speed below 32 miles an hour on Ghat Roads as otherwise hill climbing

would be made difficult owing to reduced pulling power of the engine. Also such governors set to control speed would make it difficult for "ditched" cars to pull clear of the obstruction.

APPENDIX 65

Amendment of the Bombay Motor Vehicles Rules, 1940.

Letter No. 2809|39-I.E., dated 27th September 1940, from the Secretary, Revenue Department, Government of Bombay to Chamber.

I am directed to forward herewith a copy of Government Notification, No. 2809-39-I, dated 23rd September 1940, publishing provisionally draft amendments to the Bombay Motor Vehicles Rules, 1940, and to request you to forward to Government the remarks of your Chamber as soon as possible, but not later than 15th October 1940.

No. 2809|39-I.—The following draft of a notification which it is proposed to issue under sections 21, 41, 68 and 70 of the Motor Vehicles Act, 1939 (IV of 1939), is published as required by sub-section (1) of section 133 of the said Act for the information of all persons likely to be affected thereby, and notice is hereby given that the draft will be taken into consideration by the Government of Bombay on or after 15th October 1940.

2. Any objections or suggestions which may be received by the Secretary to the Government of Bombay in the Revenue Department from any person with respect to the said draft before the aforesaid date will be considered by the Government of Bombay.

Draft Notification.

In exercise of the powers conferred by sections 21, 41, 68 and 70 of the Motor Vehicles Act, 1939 (IV of 1939), the Government of Bombay is pleased to amend the Bombay

Motor Vehicles Rules, 1940, published in Government Notification No. 2809|39-I, dated 29th March 1940, as follows :—

1. In rule 4—

(*i*) in sub-rule (1) for the words "by or countersigned on behalf of" the words "or countersigned by a licensing authority acting under the authority of" shall be substituted ;

(*ii*) in sub-rule (3), for the words "by or countersigned on behalf of the regional transport authority" the words "or countersigned by the licensing authority" shall be substituted ;

(*iii*) in sub-rules (5) to (9), for the words "regional transport authority" wherever they occur the words licensing authority" shall be substituted ;

(*iv*) in sub-rule (7), for the words "send an intimation in Form LPS to the licensing authority by whom the licence was issued" the words "if the licence was issued by a different licensing authority send an intimation in Form LPS to such licensing authority" shall be substituted.

2. In clause (*c*) of rule 7, for the words "Regional Transport Authority" and the words "Provincial Transport Authority" the words "Licensing Authority" and the words "Regional Transport Authority" shall respectively be substituted.

3. After rule 22 the following shall be inserted, namely :

"22-A.—*Reduction of licence fees and exemption from test of competence fees in case of certain persons.*—(1) A fee of Rs. 3 only shall be charged—

(*a*) for the issue of a licence to any person who was at the commencement of the Act a holder of a current licence granted under the provisions of the Indian Motor Vehicles Act, 1914, entitling him to drive a vehicle of the

class or description which he would be entitled to drive under the licence applied for, or

(*b*) for the renewal of a licence issued to any person under the provisions of the Act, and who by reason of his absence from India on account of service in His Majesty's naval, military or air forces was unable to apply for such issue or renewal within the period specified in clause (*b*) of sub-section (6) of section 7 or sub-section (3) of section 11 of the Act, as the case may be :

Provided that such person produces along with his application for the issue or renewal of the licence, the original licence granted to him under the Indian Motor Vehicles Act, 1914, or the Act, as the case may be, and either a certificate of discharge from His Majesty's naval, military or air forces or a licence, if any, issued to him under the provisions of section 14.

(2) Notwithstanding anything contained in rule 6, no fee shall be payable by any such person for any test of competence which he may be required to pass before the issue of a licence to him."

4. (*i*) Rule 27 shall be renumbered as sub-rule (1) of that rule and in the sub-rule so renumbered the words " if the owner so desires " shall be deleted.

(*ii*) After sub-rule (1) of rule 27 as so renumbered, the following new sub-rule shall be inserted, namely :—

" (2) No registered laden weight shall be assigned to any vehicle which, when the pay-load is distributed in the vehicle in an even manner, would result in the axle weight of any anxle exceeding the registered weight of such axle."

5. In sub-rule (2) of rule 31 for the words and figures " 31st May 1940 " the words and figures " 15th July 1940 " shall be substituted.

6. In sub-rule (1) of rule 37 the words " Any magistrate of the first or second class " shall be deleted.

7. In sub-rule (1) of rule 58 the following entry shall be added :—

"(*iii*) For the issue or renewal of every copy of Part B of the permit—Rs. 5."

8. In rule 148, the words "on the right hand side of the vehicle and" shall be deleted.

9. For clause (*b*) of sub-rule (9) of rule 173, the following shall be substituted :—

"The measurements shown on the plate shall be in accordance with the circumference of the wheels of minimum size approved for the cab and normally attached thereto."

10. In sub-rule (2) of rule 178, for the words "Commissioner of Motor Vehicles" the words "Provincial Transport Officer" shall be substituted.

11. In rule 186 for the figure "126" the figure "125" shall be substituted.

Letter No. 2371, dated 16th October 1940, from Chamber to the Secretary, Revenue Department, Government of Bombay.

I am directed to acknowledge receipt of your letter No. 2809|39-I.E., dated 27th September 1940, on the above subject and in reply to send hereby the views of my Committee on the draft amendments to the Bombay Motor Vehicles Rules, as published in the Revenue Department Notification No. 2809|39, dated 23rd September 1940.

Rule 27.—The rule as it stands at present permits a Regional Authority to assign a registered laden weight less than the maximum permissible, *if the owners so desire*. It is sought by the proposed amendment to delete the words in Italics, with the result that the authority can on their own assign a registered laden weight less than the maximum permissible. My Committee feel that such a power in the hands

of the Authority may be used to the prejudice of the owners and therefore they are opposed to the same. In their opinion the provision in question should stand as it is and there is no necessity for any change. If, however, Government decide that this power should be exclusively retained by the Authority to be exercised at their discretion, my Committee suggest that at least a percentage variation in regard to such reduced weights should be prescribed under the rules, i.e., the Authority may assign a registered laden weight which is less than the maximum permissible by, say, not more than two per cent.

With regard to the proposed new sub-rule (2) to Rule 27, my Committee are of opinion that the registered laden weight should not be less than the maximum permissible according to tyre capacity. They are, therefore, unable to agree to any further restrictions of the type contemplated in the new sub-rule, and suggest that the same is dropped.

Rule 58.—The rule as it stands at present prescribes a fee of Rs. 10 for the grant of a permit, and there is no separate fee payable for Part B of the permit. It is now proposed by the amendment to provide for a fee of Rs. 5 for the issue of renewal of every copy of Part B of the permit. My Committee are opposed to the said additional levy and are not convinced of the justification or the need for the same. Already in various forms taxation on motor transport in the country and in the Presidency is sufficiently high, and it is to be regretted that Government should have come forward with a proposal involving an additional burden of taxation. My Committee earnestly request that the proposal in question be dropped. If, however, Government decide to levy a fee for copies of Part B of the permit, the charge should in no case exceed Re. 1 per copy.

APPENDIX 66

Amendments to the Rules of the Native Share and Stock Brokers' Association.

Letter No. 2902-14954-D, dated 5th July 1940, from the Secretary, Finance Department, Government of Bombay to Chamber.

I am directed to enclose a copy of the Government Notification, Finance Department No. 2902-D, dated 5th July 1940, which has been published in Part IV-B of the *Bombay Government Gazette* Extraordinary dated 5th July 1940 and to request you to communicate to Government the views of your Chamber, if any, on the proposed amendments before the 15th July 1940.

No. 2902-D.—In pursuance of the provisions of sub-section (3) of section 5 of the Bombay Securities Contracts Control Act, 1925 (Bom. VIII of 1925), the following amendments made by the Native Share and Stock Brokers' Association, Bombay, in the rules for the regulation and control of transactions in securities (other than ready delivery contracts) published in Government Notification in the Finance Department No. 2902-D, dated the 31st May 1938, are published for general information. They will be taken into consideration by the Government of Bombay, on or after the expiry of one month from the date of publication of this notification :—

After clause (*iii*) of rule 90 (*a*) (6), the following clause shall be added, namely :—

"(*iv*) fixing from time to time rates above which or below which sales or purchases in any security shall or shall not be made."

Rule 90 (*b*) shall be renumbered 90 (*c*), and the following new rule 90 (*b*) shall be added, namely :—

"90 (*b*) The Board may dispense with the strict enforcement or operation of any rule or rules provided that a resolution for this purpose be carried by a majority of three-fourths of the Board present at a meeting specially

summoned and consisting of not less than twelve members and approved by Government."

After clause (2) of rule 298(*c*), the following clause shall be added, namely :—

"(3) The Board may prohibit new dealings in any security but may allow dealings in connection with existing contracts subject to any restrictions imposed by the Board. Such restrictions shall have effect notwithstanding any rule to the contrary."

Rule 308 and its heading "General Prohibition" shall be deleted.

Letter No. 1597, *dated* 16*th July* 1940, *from Chamber to Finance Department, Government of Bombay.*

I am directed to refer to your letter No. 2902-1495-D of the 5th July 1940, forwarding a copy of the Government Notification No. 2902-D of the same date regarding certain amendments proposed to the Rules of the Native Share and Stock Brokers' Association. The views of the Chamber on the amendments in question are invited before the 15th instant. From the Notification, however, I find that the amendments will be taken into consideration by Government after the expiry of one month from the date of publication, viz., 5th July. I presume, therefore, that it will be sufficient and in time if the views of the Committee of the Chamber are forwarded to Government before the 5th August.

I may add that the matter is being considered by the Committee and they expect to send their views in about a week's time.

Letter No. 2902-15951-D., *dated* 18*th July* 1940, *from Finance Department, Government of Bombay to Chamber.*

I am directed to refer to your letter No. 1619, dated the 17th instant and to state that Government regret that they cannot wait till the 5th of September for the views of the Chamber on the draft amendments to the Rules of the Native Share and Stock Brokers' Association. While Gov-

ernment appreciate that the Chamber must have reasonable time for formulating its views, the Chamber will doubtless agree that, in times of emergency, it is often necessary for Government action to be swift if it is to be effective. As stated in the draft notification, the amendments will be taken into consideration on the 5th August 1940.

Letter No. 1694, *dated* 26*th July* 1940, *from Chamber to the Secretary, Finance Department, Government of Bombay.*

I am directed by my Committee to refer to your letter No. 2902|14954-D, dated 5th July 1940, forwarding a copy of Government Notification in the Finance Department of the 5th July, regarding certain amendments proposed to the rules of the Native Share and Stock Brokers' Association, and the correspondence in this connection thereafter, ending with your letter dated 18th July 1940.

My Committee have no objection to Government sanctioning such amendments for the time being for a short time to the Rules of the Native Share and Stock Brokers' Association as they consider necessary and proper to tide over the present crisis. The amendments sanctioned should be of a temporary duration and should automatically lapse after a specified period.

Letter No. 1874, *dated* 15*th August* 1940, *from Chamber to the Finance Department, Government of Bombay.*

With further reference to your letter No. 2902|14954-D, dated the 23rd July 1940, I am directed by my Committee to send to you hereby their views on the amendments proposed to the rules of the Native Share and Stock Brokers' Association as published in the Finance Department Notification No. 2902-D, of the 16th July 1940.

Rule 7(a).—My Committee had, in their letter No. 1318, dated 27th April 1938, conveyed to Government their views on the issue of principle underlying the said rule. A copy of the relevant paragraph of that letter is enclosed herewith for ready reference. I am desired by my Committee to reiterate the above views and to add that they are opposed to the grant

of piecemeal exemptions as proposed in the amendment under consideration.

Rule 27(a).—My Committee recommend that the words "or a name other than his own" be added after the words "fictitious name" appearing at the end of the sub-rule. The addition is suggested with a view to making the position clear beyond doubt. Subject to this change, my Committee approve of the amendment in question.

Rule 90(a)(6)(i).—Regarding the first part of the amendment to this rule, viz., power to suspend transactions in any specified securities, my Committee are against such suspension except when the Board of the Association have reason to believe that there is any serious matter connected with the internal administration of the company concerned which would justify such intervention.

Rule 90(a)(i), Proviso to Rule 90(a), Rule 222 and Rule 291(d).—With regard to the proposal in the amendments in respect of these rules to extend the period of 24 hours prescribed for the various purposes under the respective rules to *two working days*, my Committee are agreeable to the extension of the period as above if Government are satisfied that there is a necessity for the same.

Rule 140(a).—My Committee are of opinion that minimum conditions governing re-admission of defaulters should exist and should be embodied in the rules; they are also agreeable to the Board having powers to prescribe additional conditions in cases in which they consider the same necessary. My Committee at the same time feel that it would be preferable to have such additional conditions to be imposed at the option of the Board of the Association, framed and embodied in the rules.

My Committee approve of the rest of the amendments.

Letter No. 2902|19048-D., dated 2nd September 1940, from the Secretary, Finance Department, Bombay to Chamber.

I am directed to enclose a copy of a letter addressed to Government by the Native Share and Stock Brokers' Associa-

tion, Bombay, explaining the need of amending rule 298(*f*) of the rules of the Association and to request that the views of your Chamber on the proposed amendment may be communicated to Government as urgently as possible.

Copy of a letter dated 30th August 1940 addressed to Government by the Native Share and Stock Brokers' Association, Bombay.

As the rule 298(*f*) stands at present it is apparent that in case a client fails to pay a difference between the contract price and the making-up price, a broker cannot close his transaction at the actual market price until the market re-opens for forward delivery. As the market at present is indefinitely closed, the effect of the rule is that a broker is obliged to carry forward the purchases of defaulting clients settlement to settlement paying differences in the market from his own pocket on behalf of his defaulting clients. It is not within the competence of the broker to sell-off the shares, as provided in rule 253 (*b*) until the market re-opens for forward dealings. As it is very uncertain when the forward business will be resumed, dishonest clients will take undue advantage of the existing rule and avoid payment settlement after settlement. They have nothing to lose and possibly a great deal to gain, if the market reopens favourably.

It is therefore fair and just that a broker should not be compelled as required under the rule to carry forward the purchases of his defaulting client and should be allowed to close his transactions forthwith.

It should also be remembered that so long as a broker is compelled to carry forward a purchase of his client, the *bona fide* seller cannot under any circumstance realize the sale proceeds. As soon as the proposed amendment is sanctioned by you, a broker will be at liberty to sell off the shares in the open market. This is in a way an advantage to a *bona fide* seller also. He may not have to wait indefinitely to realize the sale proceeds.

You will therefore agree with me that this rule requires to be amended as proposed below to bring it in line with rule 253(*b*).

I have to request you to sanction the proposed amendment forthwith as it is in the interest of trade.

Proposed Amendment.

"In rule 298(*f*) sanctioned by Government as per Finance Department Notification No. 2902-D, dated 20th October 1939, for the words 'market on the day of its re-opening' the words 'open market, for delivery on the Pay Day of the ensuing settlement, on or after the day of its re-opening for dealings either for ready or forward delivery' shall be substituted."

Letter No. 2131, *dated* 19*th September* 1940, *from Chamber to the Finance Department, Government of Bombay.*

I am directed to refer to Government letter No. 2902| 19048-D, dated 2nd September 1940, on the above subject, and in reply to send to you hereby the views of my Committee on the amendment in question.

It is proposed to amend Rule 298(*f*). In this connection, my Committee wish to point out that Rule 298(*f*) is closely allied to certain other rules. Thus, Rule 298(*f*) is connected with Rule 253(*b*), which latter rule authorises a broker to close the account of any client who fails to make payment on the Pay Day. There is further a corresponding rule, viz. Rule 253(*c*), which similarly authorises a constituent to close the account of a broker who fails to pay the difference due to him on the day following the Settling Day. Rule 298(*f*), therefore, may be deemed to be the counterpart of Rule 253(*b*), giving necessary power to the brokers to deal with transactions of defaulting clients. There is, however, no corresponding rule, so far as Rule 253(*b*) is concerned, namely the rule which defines the right of the constituents. In order to place both the broker and the constituent in a position of similarity so far as the rights in this particular regard are concerned, it is necessary that there should be a new Rule

298(*g*) related to Rule 253(*c*) ; in the absence of such a rule the customers' rights are not fully safeguarded.

There is further a difference between Rule 253(*b*) and Rule 253(*c*). Under Rule 253(*c*) a constituent before closing the account of a defaulting broker has to give notice in writing, while under Rule 253(*b*) a broker before closing the account of a defaulting constituent is not required to give any such notice. It is necessary that provision for notice should be in both the rules. Accordingly my Committee suggest that Rule 253(*b*) should be amended to provide for the notice. They also suggest that the notice in both the cases should be for a period of 48 hours.

While approving the amendment proposed to Rule 298(*f*), my Committee request that Government will be pleased to consider simultaneously the recommendations made by them regarding changes necessary to make the rules referred to above uniform for both the members and the clients.

APPENDIX 67

Legislation to Validate Principal's Contracts.

Letter No. 2902|10012-D., *dated* 1st *May* 1940, *from the Secretary, Finance Department, Government of Bombay to Chamber.*

I am directed to enclose a copy of a letter from the Native Share and Stock Brokers' Association, Bombay, suggesting that Government should undertake legislation so as to validate principal contracts. As will appear from the letter, Government have expressed the view, in conformity with the recommendation of the Morrison Enquiry Committee, that it is undesirable to allow principal contracts. The Association, while maintaining its ground, has now suggested that, if Government have objections to making all principal contracts valid, they may validate at least the following principal contracts, i.e. (1) budli contracts in which the broker employs his own resources and (2) contracts between members of the

Native Share and Stock Brokers' Association and members of organised stock exchanges outside the Province of Bombay. I am directed to request that the views of your Chamber on this proposal be communicated to Government at as early a date as possible.

Copy of the letter from the President, the Native Share and Stock Brokers' Association, Bombay, dated 26th April 1940 to the Secretary to the Government of Bombay, Finance Department.

Will you please refer to my letter of the 24th September 1937 in which I pointed out that Section 6 of the Bombay Securities Contracts Control Act of 1925 was defective.

As authorised under Rule 159(*a*) approved and sanctioned by Government, a member of the Association can act as principal with his constituent and can pass a contract in the Form B, also approved and sanctioned by Government. This Form B is prescribed in Appendix H annexed to our rules.

It is apparent that such contracts (Form B) are by a non-member with a member of the Association and not through a member. Evidently, the word "through" in the said Section 6 of the Act is meant for "through or with." This is evident from Section 5(2)(*f*) of the Act. The Association suggested to Government to amend the Section 6 of the Act by adding the words "or with" after the word "through" in the Section 6 of the Act, as the defect, if any, in the Act was a technical one, so as not to leave any doubt as to the validity of contracts between a member and non-member, where the member is acting as principal with him.

This right of passing principal's contracts being in vogue for the last 60 years is inalienable. It has been approved by Government since 14th May 1927 when the rules were first sanctioned by Government. Please refer to our old Rule 189(*c*) and the existing Rule 159(*a*).

We approached Government only with a view to remove a doubt that had arisen with regard to the validity of principal's contracts by amending the Section 6 of the Act. Your

reply to our proposal has sprung a veritable surprise on the Association.

Your counter proposal is that the Association should amend the existing Rule 159(*a*) by deleting the words "or when his constituent directly authorises him in writing to act as principal" and also to make consequential amendments in Rules 167(*c*), 170(*c*), 172(*i*), 320(*a*), 323(*c*) and Appendix H. Your reasons for this proposal are that the Morison Enquiry Committee, in paragraph 35 of their Report, were against principal contracts. Their approval of our proposed Rule 180 on page 111 of their report was an oversight. Government consider it undesirable to allow such contracts as in their opinion it is difficult for clients to satisfy themselves in a period of rapidly fluctuating prices that a fair price has been charged to them. In the opinion of Government, the Rule 159(*a*) is *ultra vires* of the Act.

The Association would point out that it is still an open question whether the word "through" in Section 6 of the Act does or does not connote the sense of "with."

The Association do not agree with the views expressed in para. 36 of the Morison Committee Report. On the contrary, the amendment to our Rule 180 on page 111 of the Report suggested by Morison Committee clearly shows that they ultimately decided to retain the practice and right of issuing principal's contracts.

My Association feel that snatching away of this right from them is not only a grave injustice to them but also to the trading public. Such contracts are indispensable in the interest of public. It may be within the range of your knowledge that apart from business among members *inter se*, by far a large volume of business is conducted on the phone between our members and members of other Exchanges, such as Calcutta, Madras, etc. It is not possible within a space of three minutes to execute outside orders and hence this sort of business has necessarily to be done as between principals. If all business is, as is sought by Government to be confined to

agency business, it is tantamount to killing business more particularly the business with members of different exchanges. As pointed out above the nature of the business is such that bargains must be struck as between two principals and by no stretch of imagination can the same be recorded by passing agency contracts. This is a very serious problem for Government to consider.

We therefore strongly urge Government to reconsider this matter and to adopt the most desirable course of amending the Act so as to make all principal contracts valid.

As Government is aware in Budli business, a member of the Association is entitled to employ his own capital or his own resources. Very often most of the Banks in Bombay invest money in Budli business with a member.

If principal's contract is done away with as being void, most of the Budli business would not be at all possible on the Exchange, as the existing Rule 167(*f*) will offend against the provision of Section 6 as construed by Government.

In order to avoid litigation and confusion, it is necessary that Government should in the first instance amend the Act so as to legalise the principal's contracts that may have been entered into under the existing rules sanctioned by Government, otherwise unscrupulous people will take undue advantage of the situation created and would plead invalidity of the contract in a Court of law.

After having amended the Act as suggested above, if Government are not prepared to allow thereafter the issue of principal contracts, my Association would submit that some modified amendment may be made so as to permit principal's contracts in the following two cases :—

(1) Contracts between members of this Association and members of organised stock exchanges outside the Province of Bombay.

(2) All Budli contracts in terms of the existing Rule 167(*f*) I may add that in making the suggestion

for a modified amendment, it should not be understood that the Association is giving up the submissions and contentions as stated in this letter.

Letter No. 1541, *dated 9th July* 1940, *from Chamber to the Secretary, Finance Department, Government of Bombay.*

I am directed by my Committee to refer to your letter No. 2902|10012-D, dated the 1st May 1940, on the above subject and in reply to send to you hereby the views of my Committee on the proposals therein.

My Committee agree with Government that members of the Native Share and Stock Brokers' Association should not be allowed to act as principals in regard to their constituents and that they should not be allowed to issue principal's contracts.

There is, however, a considerable volume of business done in the exchange where members of the Association employ their own resources in Budli transactions. There is also, it appears, a fair volume of business closed on the telephone between members of the Bombay Native Share and Stock Brokers' Association and members of other organised exchanges outside the Bombay Province. Such business has necessarily to be done as between principals. My Committee, therefore, suggest that the above two types of contracts, viz. (1) contracts between members of the Association and members of organised Stock Exchanges outside the province of Bombay if closed on the telephone and (2) Budli contracts in which the broker employs his own personal resources without borrowing, may be treated as valid. Accordingly the Government of Bombay may consider undertaking the necessary legislation for validating the above two types of principal's contracts.

APPENDIX 68

Revised Indian Merchant Shipping (Life Saving Appliances) Rules 1934.

Letter No. C.50|1857, dated 18th May 1940, from the Principal Officer, Mercantile Marine Department, Bombay District to Chamber.

I have the honour to forward herewith * a copy of Government Notification, Department of Commerce No. 46-M.I. (30)|38, dated the 13th April 1940, publishing for criticism a draft of certain rules which it is proposed to make in exercise of the powers conferred by sub-sections (1) and (2) of Section 145-A, sub-section (1) of Section 191 and sub-section (1) of Section 216-A of the Indian Merchant Shipping Act, 1923 (XXI of 1923) and in supersession of the Indian Merchant Shipping (Life-Saving Appliances) Rules, 1934, and to request that the revised rules should be examined by you and any objections or suggestions you may have to make thereon may be communicated to this Department by the 5th June 1940 at the latest for communication to the Government of India.

Letter No. 1244, dated 30th May 1940, from Chamber to the Principal Officer, Mercantile Marine Department Bombay District, Bombay.

I am directed to refer to your letter No. C.50|1857, dated the 18th May 1940 on the above subject, and in reply to send hereby the views of my Committee on the draft Rules.

My Committee are in general agreement with the provisions in the proposed draft rules. They would, however, like to suggest that any exemptions granted under the Life Saving Appliances Rules, 1934, should be continued and should be deemed to have been granted under the new rules. The withdrawal of exemptions granted under the old rules may require adjustments to be made, which in the circumstances of the vessel or the company operating the same may be impracticable or involve expenses of a considerable amount.

* Not printed.

It is, therefore, necessary that such exemptions as were granted under the old rules should be *ipso facto* continued under the new rules. It should also not be necessary to make formally fresh applications for exemption, as such a procedure will involve needless delay and inconvenience.

Under the old rules, Home Trade cargo ships were not required to have on board a line throwing appliance. It is prescribed in the draft rules that such ships should be equipped with the appliance in question. Having regard to the fact that there are no shore stations in India for reception of the line, my Committee would suggest that the provision in regard to equipment of a line throwing appliance should be omitted.

In conclusion, my Committee are also of the opinion that the enforcement of the proposed new rules should be deferred till after the cessation of the present hostilities, as any fresh arrangements that would have to be made under these rules would, at this juncture, involve expenditure far higher than in normal times. In some cases and in some places, it may even not be possible to fulfil the said requirements without difficulty. It is, therefore, necessary that this aspect of the matter should be borne in mind and that all the new requirements should be enforced after normal conditions are restored.

APPENDIX 69

Constitution of an Advisory Committee under the Trade Marks Act.

Letter No. 104-D.R.1|40-1080, dated 28th October 1940, from the Deputy Registrar of Trade Marks, Bombay to Chamber.

I have the honour to enclose a copy of a letter No. 4086|94, dated the 25th September, 1940, from the Bombay Millowners' Association, regarding the constitution of the Advisory Committee to be set up under Section 66 of the Trade Marks Act,

1940, and to say that this office would be glad to be furnished with any observations your Chamber may have to offer on the subject.

Copy of letter No. 4086|94 of 1940, dated the 25th September 1940, from the Secretary, the Millowners' Association, Bombay, to the Deputy Registrar of Trade Marks, Bombay.

I am directed to acknowledge the receipt of your letter dated the 18th instant in connection with the constitution of the Advisory Committee. The matter has been considered by the Trade Marks Sub-Committee of the Association, and they feel that, so far as cotton marks are concerned, there should be only one Advisory Committee for the whole of India which should be stationed in Bombay.

Turning to the constitution of this body, my Committee are of opinion that, in the interest of business economy and efficiency, it should consist of persons who, apart from their business experience, could be depended upon to attend the meetings of the Advisory Committee fairly regularly. The people who are likely to be interested in the working of the Act may be classified under the following broad heads :—

Manufacturers, i.e. Mills in India,

Importers,

Bazaar Traders.

This Association, which has an all-India membership, represents about 50 per cent of the productive capacity of the country. Seventy per cent of the working looms in the country are installed in the Bombay Province and if adequate representation is afforded to the Bombay and Ahmedabad Millowners' Associations, the position could be regarded as satisfactory so far as Indian manufacturers are concerned.

With regard to importers, my Sub-Committee feel that the Bombay Chamber of Commerce and the Indian Merchants' Chamber, Bombay, would be in a position to represent

their interests satisfactorily. The custom and usage, so far as the foreign trade marks are concerned, appear to be one and the same all over India so far as Cotton Marks are concerned, and it is thought that the interests of importers generally could be served by the two organisations mentioned.

Coming to the Bazaar which includes dealers in both Indian and imported goods, some of whom are also proprietors of trade marks, it is thought that they could be sufficiently represented through the three Piecegoods Merchants' Associations which exist in Bombay and the Maskati Piecegoods Merchants' Association, Ahmedabad.

My Committee have carefully considered the quantum of representation to be given to the respective parties on the Advisory Committee and they suggest that it should be afforded as under :

The Millowners' Associations of Bombay and Ahmedabad	3 each.
The Bombay Chamber of Commerce and The Indian Merchants' Chamber ..	1
The Native Piecegoods Merchants' Association, Bombay ; The Bombay Country, Fancy & Grey P. Merchants' Association, Bombay ; The Hindustani Native Piecegoods Merchants' Association, Bombay	1
The Maskati Piecegoods Merchants' Association, Ahmedabad	1

A Committee constituted as suggested above would function more efficiently and quickly than a body drawn from all parts of India ; but of course, it would always be open to you to consult up-country Piecegoods and Millowners' Organizations not represented on the Advisory Committee on questions connected with particular local areas or any matter of importance which is not of a very urgent character.

Letter No. 2605, dated 22nd November 1940, from Chamber to the Deputy Registrar of Trade Marks, Bombay.

With reference to the interview which you and the Assistant Registrar of Trade Marks had with the Special Sub-Committee of the Chamber on 18th October 1940 and your subsequent letter No. 104-D.R.(1)|40-1080 of the 28th October, my Committee have considered the above matter in all its aspects and I am desired to send to you hereby their views on the same.

So far as Cotton Trade Marks are concerned, my Committee are of opinion that in order to facilitate expeditious and smooth working, there should be only one Advisory Committee for the whole of India to be located in Bombay. At the same time, they feel that it is but fair that representation on such a Committee should also be given to interests from some other important textile centres. Thus, over and above representatives of textile interests from the Province of Bombay, one seat each should be allotted on the proposed Advisory Committee to interests from other important textile centres such as Bengal, Madras, Punjab, U. P. and C. P. If such a composite Advisory Committee is formed, its all-India character will ensure that interests from every part of the country are adequately and properly considered and safeguarded, at the same time avoiding duplication or overlapping of work inevitable if a number of Committees were to be formed.

My Committee agree that representation on the Advisory Committee should be through representative commercial and trade associations. So far as representatives from the Bombay Presidency are concerned, having regard to the fact that the Indian Merchants' Chamber represents various branches of the textile trade, including manufacture, trade, import, etc., not less than two seats should be allotted to the Chamber.

The Advisory Committee will be concerned with matters affecting textile trade ; under the Act as to what shall be deemed to be textile goods for the purpose of the Textile Register is to be prescribed by the Central Government by Rules. It is, however, reasonable to presume that yarn, silk

piecegoods, woollen piecegoods, etc., may be deemed to be textile goods and may, therefore, come within the scope of work of the Advisory Committee. It is, therefore, necessary that branches of the textile trade such as yarn, silk and woollen should also be represented separately on the Advisory Committee. My Committee do not wish to make detailed suggestions in this regard and would leave it to Government to determine the best method for representing these trade interests.

My Committee hope that their suggestions as above will be accepted by Government.

APPENDIX 70

Bombay Shops and Establishments Rules, 1940.

Letter No. 1104, *dated* 11*th May* 1940, *from Chamber to the Political and Services Department, Government of Bombay.*

The Commissioner of Labour, Bombay, has drawn the attention of my Committee to Government Notification in the Political & Services Department, No. 143|34, dated 23rd April, 1940, publishing draft of certain rules which Government propose to make under the above Act. It would, therefore, appear that it is the intention of Government to bring into operation the above legislation in the near future.

In this connection, my Committee beg to submit that the present time is not opportune for putting into operation the provisions of the above Act. The legislation was conceived in normal times. Since then, due to international developments, conditions in the commercial sphere have undergone a change, and it is felt that such regulation of working hours which was intended for normal period should not be applied and put into force in the changed circumstances.

My Committee may recall that when the Shop Assistants Bill was under consideration, they had made certain suggestions regarding some essential changes necessary in the provi-

sions of that Bill. They had suggested that commercial establishments should not be brought within the pale of any such legislation and that certain types of business, which were conducted more or less on a domestic basis, should also be specifically excluded. Unfortunately, all those suggestions had not been accepted. The difficulties pointed out by my Committee then have greater force and application now in the altered circumstances, and they would, therefore, reiterate that if the Act is to be put into operation now, the provisions of Chapters II and III of the Act covering Shops and Commercial Establishments should, at all events, not be enforced during the period of the war.

Developments connected with war have their reactions on the conditions prevailing in trade, commerce and industry. Thus, for instance, owing to disorganisation in the sea transport services, commercial activity is not spread over on a uniform basis throughout all the days of the month or the year. On occasions when ships are ready in the harbour for lifting or unloading cargoes the operations will have to be completed without any loss of time, and this may involve continued work for longer hours. My Committee are aware that under Section 4(1)(*c*), persons exclusively engaged in preparatory or complementary work such as clearing or forwarding clerks responsible for the despatch of goods by any means of communication are exempt from the stipulation in regard to hours of work. The exemption, however, holds good only for persons exclusively engaged and that too engaged directly in the transport part of the work. There are other preliminary and ancillary stages in which commercial staff will have to be asked to work under exceptional conditions beyond the normal hours. If all such people are to be restricted by the limitations imposed in working hours by the provisions of the Act, there is bound to be considerable disorganisation which, besides affecting the employers concerned, is also likely to have undesirable consequences.

Execution of Government orders in connection with the war will similarly require some speeding up. It is true that

under the draft rules exemption is provided that on account of *force majeure* or on account of financial crises, employees in commercial establishments may be allowed to work beyond the hours stipulated as normal in the Act. It must, however, be remembered that it will be difficult, very often, to determine as to the ultimate employers or establishments who should be entitled to avail of such exemptions. War work may be transferred from agency to agency and there may be a chain of operations. The Inspectors and the Department administering the enforcement of the Act may not be in a position to judge correctly as to whether any or the last link in the chain of such transferred work is really and actually connected with war work.

News about political developments or developments in the war fronts may also bring about sudden and rapid developments in the various markets. As Government are aware on many such occasions even the existing restrictions observed by common consent in the different markets have to be relaxed and business is permitted beyond normal hours. Under such circumstances, it becomes necessary to finish the work by working longer hours. On such occasions, even the employees willingly co-operate with the employers and readily agree to stay longer hours for the purpose of finishing the work. The working hours prescribed under the Act with the additional provision in regard to the maximum spread over, etc. have not adequately taken account of requirements of all such extraordinary periods. The enforcement of the provisions of the Act, therefore, at the present juncture, will cause considerable hardship to businessmen, handicap business and will cause considerable inconvenience and perhaps financial loss.

My Committee, therefore, earnestly request that the Government of Bombay should defer the application of the above Act, particularly the provisions relating to Shops and Commercial Establishments, until such time as normal conditions are restored. In view of the imperative necessity for such a postponement, my Committee are not at present offering any

suggestions with regard to the draft rules in question. My Committee are emphatically of opinion that the Bombay Shops and Establishments Act, particularly Chapter II and III, should not be put into operation at this juncture, and they earnestly urge that Government should reconsider their above request favourably.

In conclusion, my Committee request that Sir Gilbert Wiles, K.C.I.E., K.C.S.I., Chief Adviser to His Excellency the Governor, will be pleased to receive a deputation from this Chamber in this connection.

Letter No. 2243, dated 2nd October 1940, from Chamber to Commissioner of Labour, Government of Bombay.

I am directed to refer to Government Notification, in the Political & Services Department, dated 25th September, 1940, No. 143|34, on the above subject, and to send to you hereby the views of my Committee on the draft rules in question.

At the outset, my Committee would like to point out that the present time is not opportune for enforcing the Bombay Shops & Establishments Act, 1939, and to bring it into force with reference to any area or establishments or class of shops. The legislation was conceived in normal times. Since then, due to international developments, conditions in the commercial sphere have undergone a change, and it is felt that such regulation of working hours which was intended for normal periods should not be applied and put into force in the changed circumstances. Thus, for instance, due to disorganisation in the transport side, particularly sea transport, commercial activity is not spread over on a uniform basis throughout all the days of the month or the year ; on certain days in the month it is apt to be more brisk, with the result that working hours on such days will have to be adapted to the requirements of the situation. My Committee, therefore, earnestly request that Government should defer the application of the above Act until such time as

normal conditions are restored and that they should not put any additional impediments in the way of any possible improvement in conditions of trade, commerce and industry in the country during the period of the war.

In this connection, my Committee recall that when the draft Shop Assistants Bill was under consideration, they had made certain suggestions regarding some essential changes necessary in the scope of the legislation. They had, for instance, suggested that commercial establishments should not be brought within the pale of any such regulation and that certain types of business which were conducted more or less on a domestic basis should also be specifically excluded. Unfortunately, all these suggestions have not been accepted.

Further, when the Government of Bombay by their Notification dated 23rd April 1940, published certain draft rules in this regard, my Committee had addressed Government, *vide* their letter No. 1104, dated 11th May, pointing out the likely consequences of enforcing the Act in question at the present juncture. They had therein requested that provisions of Chapters II and III of the Act, covering shops and commercial establishments should, at all events, not be enforced during the period of the war. The above submission was reiterated at an interview which a deputation from this Chamber had with the Hon'ble Sir Gilbert Wiles, Chief Adviser to H. E. the Governor of Bombay on 27th May last. Notwithstanding all this, if Government ultimately decide that the Act should be given effect to immediately or in the near future, my Committee are strongly of the opinion that at least certain modifications should be made in the Act so as to provide for increased hours of work. Thus, for commercial establishments, they suggest that, over and above the normal hours stipulated in the Act, extended hours of work should be permissible to the extent of 60 hours per month on payment of overtime with the necessary provision for correspondingly increasing the spread over from 12 to, say, 15 hours per day. Similar changes in the hours of work fixed for shops would also be necessary.

Without prejudice to the stand taken by my Committee as above, that the present time is not opportune for enforcing a legislation of this kind, they would now proceed to express their own views on some of the draft rules under reference :

Rule 3—Enquiry by Government Before Passing Orders Fixing Opening and Closing Hours of Shops :

Before publishing any such notice as prescribed in the Order, Government, my Committee suggest, will be well advised first to ascertain from the Trade Association concerned with the area in question or the classes of establishments to be covered by the Order, its views in advance. Government will then have before them full details of the practical requirements of the trade or the class establishment concerned and if the opening or closing hours are fixed on the basis of such advice, perhaps a good many of the difficulties in actual working, which Government naturally cannot anticipate, may well be obviated. The period of one month prescribed for receiving objections and suggestions is extremely inadequate. My Committee suggest that at least a period of a three months should be allowed for the purpose.

It is provided that the notice shall be published in not less than one newspaper having circulation in such an area. At all events, the notice should be published in one vernacular paper also.

Rule 4 — Opening and Closing Hours of Commercial Establishments :

The above remarks apply equally to commercial establishments also.

Rule 6 — Spreadover of Extended Periods of Work on Account of Stock Taking, etc.:

Even on the limited occasions mentioned in the rules the spreadover is restricted to 16 hours which would, in effect, mean 14 hours if the compulsory rest intervals are excluded. My Committee see no reason why Government should be so

rigid in fixing the hours of work for such extraordinary occasions. After all the employee has to be paid overtime for the extra hours he puts in. In a bank, for example, on the half-year and annual closing of accounts, it sometimes happens that a good part of the staff has to work throughout the whole of the night. It must be remembered that in order to enable the bank to start its different accounts afresh from the next day, the whole operations will have to be finished during the last day of the period and no postponement is possible. The closing date being also not a holiday, the staff would have to work for normal hours and the same persons would have to be put into service overnight. Practical difficulties would, therefore, be created if Government insisted on a maximum spreadover of 16 hours. Having regard to the fact that such increased hours of work are at any rate not to be permitted for more than six days in a year, it is submitted that there is no further necessity for any restriction in the maximum spreadover of work during the days in question.

Rule 7 — Notice :

My Committee are strongly opposed to the provision herein that when periods of work are to be extended beyond normal periods stipulated under Section 12 of the Act, previous notice of at least 24 hours shall be given to the Inspector concerned. They see no justification for such a requirement. After all, the employers are alive to their responsibilities and their obligations under the laws and regulations in force and there is no reason why their freedom should be fettered by conditions which, to say the least, are impracticable. It is true that the proviso lays down that where previous notice was rendered impossible, a notice on the actual day when the work was extended should be deemed sufficient to satisfy the requirements of the rule. Even with this addition, my Committee feel that the provision would amount to an avoidable harassment of employers and suggest that the same should be done away with completely.

Rule 12 — Maintenance of Registers and Records and Display of Notices :

Here also my Committee are of opinion that the statutory obligation to maintain books and registers in prescribed forms does not take adequate account of the existing organisation of shops and commercial establishments. In many cases, shopowners are not sufficiently educated to be able to conform to these requirements ; nor will it be practicable for them to engage the services of a separate staff for the purpose of maintaining such records. When the employer has a fair idea of what he is expected to do under the Act in the matter of regulating the hours of work of his employees, he can be trusted to do the needful to prescribe the hours of commencement and closing of work with the necessary rest intervals in such a manner as not to infringe, either in spirit or in letter, the requirements of the law. Thus, he might either generally or with reference to particular departments or persons or class of persons, prescribe fixed hours of commencement and closing and beyond that he should not be expected to maintain records of attendance in the elaborate manner and under detailed headings as suggested in the forms. Employees in these days are sufficiently enlightened to take care of their legitimate rights and they will not allow any employer to ride roughshod with impunity over their rights and privileges. My Committee are opposed to the Rules and provisions prescribing the maintenance of such detailed records as they feel that the same will prove impracticable and will cause unnecessary hardship to a great body of employers.

In conclusion, my Committee earnestly urge that Government will see their way to agree to postpone the bringing into operation of this Act, as otherwise due to conditions arising out of the war, considerable difficulties will be experienced by employers.

APPENDIX 71

Abolition of Property Tax and Sales Tax.

Letter No. 1781, dated 6th August 1940, from Chamber to the Secretary, Finance Department, Government of Bombay.

I am directed by the Committee of this Chamber to address Government in regard to the advisability of considering, in view of the recent modifications in the Prohibition Policy, the question of reduction or the abolition of the special taxes introduced last year, particularly the Property Tax and the Sales Tax.

2. My Committee have seen the Press Note issued by Government recently, to explain the present position in regard to prohibition of the possession of intoxicants in Bombay and other prohibited areas in the light of the recent legal decisions, and infer therefrom that Government want to modify certain aspects of their Prohibition Policy. There were two taxes, which were the direct outcome of the Prohibition Policy viz.: (1) Tax on Property, and (2) Sales Tax on Petrol.

3. In the Press Note above referred to, it is mentioned that "Government intend to devote any additional revenue from these changes to the relief of taxation under the Property Tax, but it should not be assumed that any large relief will be possible." My Committee beg to urge that there must be a substantial reduction in the Property Tax, which has been a heavy burden on the property owners and has led to a practical cessation of all building activities in the City, Suburbs and other places where the Property Tax was imposed. My Committee realise that steps which Government at present propose as a modification of their Prohibition Policy will not lead to the immediate restoration of the revenue which has been foregone. It is for that reason that they do not press for the abolition of the whole of the Property Tax, but only for a reduction of the same.

4. The Bombay Sales Tax Act, as passed by the Legislature, contemplated the levy of a tax on manufactured cloth,

artificial silk, motor spirit, etc., as mentioned in the Schedule under the Act. Eventually, Government levied this tax only on motor spirit, as it was not found possible by them to collect the tax on other commodities and consequently the tax on the same was abandoned.

5. Petrol is a highly taxed commodity, specially because whenever there is any eventuality Governments, both Central and Provincial, turn their attention to it as being the most likely subject for additional taxation. There is no reason why it should be thought so. My Committee may be allowed to observe that such an attitude is, perhaps, an inheritance from the past when petrol was considered to be a luxury. Government, however, are aware that it has ceased to be a luxury ; even if it was once ; and that it is an important and indispensable element in the motor transport industry which has led to the development of trade and agriculture and has also been responsible for the opening out of the interior for amenities being afforded to passengers and even for the organisation and development of certain industries. Looking to these facts, the time has now come when taxation both on petrol and motor transport industry should be reduced. My Committee, therefore, take this opportunity to request Government to remove the Sales Tax on Petrol when they are going to modify their Prohibition Policy.

6. My Committee hope that Government will be pleased to consider the above suggestions favourably.

APPENDIX 72

Bombay Lift Rules, 1940.

Letter No. 1077, *dated 8th May* 1940, *from Chamber to the Secretary, Public Works Department, Government of Bombay.*

The attention of my Committee has been drawn to the Bombay Lift Rules, 1940, published in the *Bombay Government Gazette*, dated 11th April, 1940.

In this connection, my Committee regret that, as is generally the practice, the rules were not previously circulated for eliciting public and commercial opinion and that Government have straightaway framed the rules without allowing commercial bodies an opportunity to examine the same and to express their views on the various provisions. My Committee also understand that suggestions, which a Committee formed by the Safety First Association of India including representatives of prominent agents and representatives in Bombay of lift manufacturers made to Government have not been given due consideration while framing the rules.

My Committee are at present considering the Rules and will send their views and suggestions in due course. In the meanwhile, they find that under Rule 5 it is provided that every owner of a place in which a lift has been installed before the coming into force of the Lifts Act shall within two months from such date apply to the Inspector of Lifts for licence for the working of the lift. The period of two months allowed for the purpose is extremely inadequate. My Committee suggest that the period should be extended to at least six months, as otherwise it would not be practicable for owners of existing lifts to make the prescribed application and to get the licences in question.

Letter No. 4524|36-M, *dated 24th May 1940, from the Secretary, Public Works Department, Government of Bombay to Chamber.*

With reference to your letter No. 1077, dated the 8th May 1940, on the subject mentioned above, I am directed to state that it was not incumbent upon Government under the Bombay Lifts Act, 1939, to publish the rules for eliciting public opinion before they were promulgated.

2. The suggestions made by the Safety First Association of India were duly taken into consideration while framing the rules in question.

3. With regard to your suggestion that the period of 2 months provided in Rule 5 may be extended to at least six months, I am to state that Section 6 of the Act lays down that every owner of a place in which a lift has been installed before the date of the commencement of the Act, shall within two months from such date, apply for a licence for the working of such lift. Under the proviso to Section 7 of the Act, if an application for a licence has been made within the time limit of 2 months, there is nothing to stop the working of the lift until such application has been finally disposed of.

4. With reference to your letter No. 1080, dated the 9th May 1940, I am to inform you that the copies of the rules in question can be obtained on payment from the Superintendent, Government Printing and Stationery, Bombay.

Letter No. 1399, *dated* 24*th June* 1940, *from Chamber to the Secretary, Public Works Department, Government of Bombay.*

I am directed by my Committee to refer to your letter No. 4524|36-M, dated the 24th May 1940 on the above subject.

Whilst it may not have been incumbent upon Government under the Bombay Lifts Act to publish the Rules under the Act for eliciting public opinion before they were finally promulgated, it has been invariably the normal practice to publish all such rules in the draft form and to invite views thereon particularly of commercial and other organisations interested in the subject matter of such rules. My Committee, however, are examining the rules in question and expect to send their views in detail shortly.

With reference to the remarks in paragraph 3 of your letter under reference, I am directed to point out that the provision in question, viz.: that every owner of a place in which a lift has been installed before the date of the commencement of the Act shall, within two months from 1st June make application for a licence, is almost impracticable to fulfil. It will be observed that such application has to be

accompanied with the details required under Form D appended to the Schedule. It will be realised that the said particulars can be supplied only by the manufacturers of lifts or their agents. Naturally this form in question will have to be sent to such manufacturers for being completed. There are, my Committee understand, only about half a dozen representatives of Lift manufacturers in the country, and it will be almost impossible for this limited number to supply the details in question for owners of 900 buildings where it is understood lifts have been installed before the date of the commencement of the Act. The result will be, that even if they wish to submit applications with all the particulars, they will not be able to do so in view of the above difficulty. If under Section 7 of the submission of an application within two months is imperative, it is necessary in view of the practical difficulties pointed out above that steps should be taken to waive this requirement and to provide for at least six months' time for the purpose of conforming to the same.

Letter No. 4524|36-*M, dated* 11*th July* 1940, *from the Secretary, the Public Works Deparment, Government of Bombay, to Chamber.*

With reference to the correspondence ending with your letter No. 1399, dated the 22nd June 1940, on the subject mentioned above, I am directed to inform you that the period of 2 months prescribed in Section 6 and the proviso to Section 7 of the Bombay Lifts Act, 1939, is considered to be sufficient and Government regret that your request for an extension of the period to 6 months cannot be granted.

Letter No. 1647, *dated* 20*th July* 1940, *from Chamber to the Public Works Department, Government of Bombay.*

I am directed to refer to the correspondence between my Committee and Government on the above subject ending with your letter No. 4524|36-M, dated the 11th July, 1940.

My Committee are still of the opinion that the provision in Rule 5 regarding taking out licenses for existing lifts should not be enforced before 1st January 1941 and that the time

limit prescribed for the same under the rule in question should be extended accordingly. If such a postponement of the enforcement of the provision necessitates an amendment of the Bombay Lifts Act, 1939, steps may be taken to get the relevant section of the Act amended by the issue of an Ordinance by His Excellency the Governor.

In their letter No. 1399, dated 22nd June 1940, my Committee had pointed out the practical difficulties in conforming to the requirement under the said rule. They submit that Government should reconsider the matter and agree to the postponement of the enforcement of the provision, as otherwise it will lead to unnecessary harassment of owners of buildings.

My Committee are also of the opinion that the provisions in the rules, particularly those involving new or additional expenditure should not be enforced in respect of existing lifts. The rules should be deemed as a necessity for new lifts and in regard to existing lifts only such rules which are fundamentally concerned with safety measures should be applied. Thus, for instance, under Rule 23(*e*), it is provided that each lift machine should be protected against phase reversal or failure. Chances of phase reversals, my Committee are advised, are very remote and even when it happens the same will not result in any accident ; only the lift will travel in a wrong direction, but will ultimately be stopped by the final limit-switch, if not stopped earlier by the emergency stop. If the requirement in the rule is insisted upon for existing lifts also, the same will involve avoidable expenditure on owners of lifts.

A technical Sub-Committee of the Chamber had examined the Rules thoroughly and have submitted to my Committee various detailed suggestions regarding changes required in the rules from technical and other aspects. These suggestions are sent herewith and they have the general approval of my Committee. It is requested that Government will be pleased to give these suggestions their sympathetic consideration and bring about the necessary changes in the Rules.

APPENDIX 73

Exemptions under the Bombay Weights and Measures Act.

Letter No. 482, dated 21st February 1940, from Chamber to the General Department, Government of Bombay.

I am directed to refer to Government Notification No. 2924|33, dated 19th Dec. 1939, announcing Government's intention to exempt certain classes of weights and measures or weighing or measuring instruments from the provisions of certain sections of the above Act. My Committee welcome the move and as a matter of fact, commercial interests had placed before Government the necessity for exempting weights or measures used merely for departmental or internal purposes from the strict obligations laid down under the Act. They would, however, like to suggest that in order to remove any ambiguity and to take matters beyond doubt, the entry marked (1) in the second column of the schedule against heading No. 2 may be altered to read as under :—

Weights or measures or weighing or measuring instruments to be exempted.	Purposes other than trade for which weights, etc., specified in column 1 when used or intended to be used would be exempted.	Sections from the provisions of which weights, etc., specified in column 1 would be exempted.
1	2	3
2. Weights and weighing instruments.	(1) For estimating the postage or freight payable on letters and parcels or *the weights or measures for or in processes of manufacture* for personal information only.	

The change, my Committee believe, is only a verbal one with a view to make the position clear beyond doubt.

APPENDIX 74

Interview with the Hon'ble the Commerce Member, Government of India.

Speech of Mr. Chunilal B. Mehta, President, at the interview with the Hon'ble the Commerce Member, on 27-7-1940.

SIR RAMASWAMI MUDALIAR,

I should like to welcome you in our midst on behalf of the Committee of the Chamber. It has given us a great pleasure that you have been able to visit the City now and to see our Committee, even though you must be pre-occupied with many important affairs of the State.

As this meeting was arranged without a long notice, I do not propose to make any set and formal speech. We have considered this as quite an informal meeting, as I have already informed you. There are a few questions, however, which I should like to place before you.

Shipping: The most important subject of your visit here, as announced in the press, is to find out how far the ships on the Indian Register could be requisitioned for the requirements of Government without dislocating the normal requirements of the trade. We would like you to let us know how you desire to proceed in the matter. We have no doubt you know that it is the British shipping interests which predominate in our trade and we expect that your first claim would be on those ships only. At any rate, you would not require the Indian ships to be requisitioned beyond the extent of their participation in the trade. We consider that the small extent to which India has been able to build up its shipping at considerable sacrifices and without any help, as you know, and against tremendous difficulties, should not be placed at any disadvantage by the adoption of any scheme that the Government of India may ultimately take. British shipping looks to Great Britain for every sort of financial help to maintain its position in the future and we shall thank you if you

will let us know that the policy of the Government of India would be not to put Indian shipping at any disadvantage.

War Risk Insurance: As fears were entertained regarding possibility of loss or damage to stocks of commodities and goods by enemy action, my Committee along with other commercial organisations in the City, suggested to Government the necessity for instituting a scheme of War Risk Insurance on land for commodities and goods. We are glad that Government have accepted the principle underlying the suggestion and have now circulated to commercial bodies for opinion a rough outline of Government proposals in that regard. My Committee have already conveyed their views to Government in the matter. The success and the acceptability of the scheme would depend on the rate of premium that would be finally fixed. Government have suggested a rate of 1/8 per cent per month. Having regard to the fact that the risk in India is comparatively limited and to the fact that conditions here are entirely different from those in U. K., it was from the very start impressed upon Government that the rate to be fixed in India would have to be considerably less than that in U. K. The scheme, it must also be remembered, is to be made compulsory beyond prescribed limits, and it is therefore necessary that the rate fixed should not prove burdensome. My Committee have suggested 1/32 per cent per month, with a proviso that on the basis of experience gained the same should be reduced further later on. In any case, they feel that 1/8 per cent is too high, and unless it is substantially reduced, the scheme is not likely to be popular. We hope that Government will consider the matter.

Publication of Trade Statistics: I should like to refer to the instructions issued by the Government of India, prohibiting publication of the ordinary monthly and annual trade statistics, with a view to prevent any information leaking out to enemy countries. While we do not question the importance of any such orders like these, we should like to point out that such prohibitions with regard to the publication of trade statistics will affect adversely our trade and industries

and would suggest that as far as possible useful information should be allowed to be published. In this connection we have addressed a letter to the Central Board of Revenue, drawing attention to the action which the Bombay Chamber of Commerce is obliged to take. That Chamber is publishing Import-Export manifests, etc., which it is distributing among its members, and till recently these were being supplied to non-member subscribers also. As a result, however, of the aforementioned orders, the Bombay Chamber has discontinued the issue of copies thereof to non-member subscirbers, while continuing the issue to members. This will mean that only the members of a particular commercial organisation will be allowed to get copies of trade statistics, which are denied to all else ; and I should like to request you to give your thought to this question.

Export Trade—Cotton : We would like to have some indication of the directions in which the Export Advisory Council proposes to find out new markets in place of markets lost to us in enemy territories. In this connection, while we appreciate the action of Government in sending out a Trade Mission to U. S. A., we feel that it would have been better if a representative businessman had been associated with the Officers. The question of export markets for our manufacturing industries also should be given equal attention.

In this connection, it is pertinent to point out that by the recent developments connected with the war, India has lost export markets in cotton to the extent of 600,000 bales in Central Europe. Alternative markets will have to be immediately found, as otherwise the interests of Indian agriculturists will greatly suffer. It may be suggested that an intensive drive in U. K. for increased off-take of Indian cotton is one feasible line of action. The loss of Central European markets also raises the importance of Chinese and Japanese markets. We would, therefore, like to have information as to the stage of the progress of the Indo-Japanese Trade negotiations.

While talking about exports, your attention must also be drawn to the difficulties experienced in regard to the inadequate shipping freight. Orders for oils and cakes and many other materials are waiting despatch, and in the absence of shipping tonnage these cannot be fulfilled. Information as to the proposals of Government to meet this difficulty will be quite welcome.

Fiscal Policy : At the last session of the Central Assembly you were good enough to announce that Government would be prepared to liberalise their policy with regard to the grant of assistance or protection to industries. No further information in regard to definite steps taken by Government subsequently has been received. My Committee would like to know the proposals of Government in this regard. The conditions about existence of supply of raw materials, etc., which have stood in the way of protection being granted to industries like Glass and Wool, should be immediately relaxed and modified. It is also necessary to get a specific assurance from Government regarding their policy about industries which may develop during the period of the war. At present absence of competition from imported sources affords an opportunity for the starting of such industries ; but unless Government were to come forward with a promise of full-fledged protection for such industries at the end of the war, industrialists may not be quite willing to risk their capital. The experience in this regard during the last War calls for caution, and all the more necessitates a clear enunciation of Government policy in the matter.

Summary record of the replies given by the Honourable Sir A. Ramaswami Mudaliar, Member for Commerce and Labour, Government of India.

Shipping—(a) Policy of Requisitioning Ships : The Hon'ble Sir A. Ramaswami Mudaliar explained that the examination of two questions relating to shipping, viz. requisition and compensation was one of the main purposes of his visit to Bombay and that this had been discussed in all its aspects with the interests concerned. Government had

not yet arrived at define conclusions, but he could assure the Committee that there would be no partiality shown for any particular interests and that one set of ships would not be debarred from their quota while another set was allowed the same.

(b) Compensation for ships requisitioned : The Hon'ble Member pointed out that so far ships had only been requisitioned at the instance of the Admiralty for purposes of Defence and that the Government of India had no occasion to requisition ships for trade or any other purposes. The question of compensation was being carefully examined and the delay in reaching a decision was due to the complexities of the issues involved. He mentioned that even in U. K. the decision about the rate of compensation was not reached till very recently and the Government were yet to receive fuller data about the procedure and the rates prescribed there. He added that the U. K. rate, while it would serve to be of guidance to Government in arriving at the rate to be allowed in India, there was no warrant for any apprehension that the same rate would *ipso facto* be fixed for India also.

Difficulties in getting Shipping Freight : The Hon'ble Member pointed out that a solution of this matter had to be found by the assistance and co-operation of U. K. Government, as the Government of India had no control over shipping on the British Register. He added that negotiations were in progress with His Majesty's Government and it was expected that there would be a considerable improvement in the position in about two months' time. He also promised to look into the possibility of providing shipping freight for ports in Australia, South Africa and Red Sea.

Search for Markets : The Hon'ble Member referred to the Gregory-Meek mission to America and pointed out that they have not gone there to further the chances of trade in any particular commodities, but they were entrusted with the mission of exploring possibilities of increasing our exports to that country. He agreed that *prima facie* if we were guided

by the trend of trade between the two countries in previous years, there was no scope for much export, as America herself was an exporter of many a raw material in which India had also an exportable surplus. There was, however, no reason to be exclusively guided by such past trade position and that on closer examination it might be possible to find fresh avenues of trade with the American Contingent, e.g. Coir and Matting industries in Canada.

As regards trade with neighbouring countries, the Hon'ble Member observed that the question was always prominent before Government, but he pointed out certain practical difficulties in regard to taking any immediate action in the matter.

Fiscal Policy: The Hon'ble Member referred to the statement made by him in the Legislative Assembly in March last to the effect that industries established during the period of the war would not be left high and dry after the war, and he reiterated that Government would encourage such industries which are needed in the country on account of the conditions created by the war. He pointed out that such industries would fall into two groups, viz. (1) industries required for Defence and War purposes, and (2) industries which might be required for meeting the civil needs of the country. Assistance would be rendered to both the types of industries and there was no justification for any apprehension that in their promise of support to industries developed during the war Government were having in view only industries required for Defence and War purposes.

With regard to the question of liberalising the conditions for grant of protection to industries, the Hon'ble Member stated that Government were prepared to consider the matter sympathetically. It was, however, not intended to make any general announcement as to the directions in which the conditions would be liberalised. Each industry needing assistance should present to Government its own case. Such cases would undergo an *ad hoc* examination, without the elaborate enquiry of a Tariff Board, and Government would be prepared to

waive or to allow such modifications in regard to the conditions as would seem justified from the circumstances of the case.

(*Note.*—In response to a request, the Hon'ble Member observed that he had no objection to the Committee publishing in the Chamber's Journal his above remarks regarding the Fiscal Policy of Government).

War Risk Insurance : The Hon'ble Member stated that Government were awaiting the views and suggestions of the commercial bodies in the matter, after which their final decision in regard to the scheme would be announced. He noted that the Committee had urged a reduction in the proposed rate of premium. He however added that the rate initially fixed would have to be a little high in order to enable Government to build up a fund for purposes of meeting claims when they arose ; the rate might be revised subsequently in the light of experience gained.

Publication of Trade Statistics : The Hon'ble Member promised to look into the matter. However, *prima facie*, according to him, a possible solution lay in affording other commercial organisations also the same facilities for collecting statistical information as was allowed at the Customs House to the Bombay Chamber of Commerce.

Industry and Research : The Hon'ble Member referred to the steps that were being taken by Government to promote scientific research which would be of assistance in developing the industries within the country. He explained to the Committee the purpose and object of the newly constituted Board of Scientific and Industrial Research.

As regards the question of manufacture of Acetic Acid, he pointed out, although the same was being produced or manufactured in the country, particularly at the Cordite Factory at Aravankadu, the question was whether manufacture thereof on a commercial and industrial scale and at prices which would make it marketable, was possible. This aspect

of the matter would have to be gone into further. He also referred to the researches and experiments in connection with the manufacture of Rayon in the country. He added that the Board of Scientific and Industrial Research would go into all these matters in greater detail shortly.

During the course of discussion of this question, the Hon'ble Member informed the Committee that the Industrial Research Bureau had been incorporated in the Board of Scientific and Industrial Research recently formed and that as far as the Industrial Council was concerned the Government of India had not come to any decision regarding its future.

Slump in Commodities and Credit Facilities: The Hon'ble Member acknowledged the importance of the question of affording sufficient credit facilities for the commodity markets. He added that this was a matter, certain aspects of which fell under the purview of the Finance Department, and that any action or decision on the same would have to be taken after full consultation with such other Departments. He, however, promised to go into the matter fully.

APPENDIX 75

Interview with Mr. N. R. Pillai, Joint Secretary, Commerce Department, Government of India.

Speech of Mr. Chunilal B. Mehta, President, Indian Merchants' Chamber, at the interview with Mr. N. R. Pillai, C.I.E., C.B.E., *Joint Secretary to the Government of India, Department of Commerce, on Wednesday, the 24th April* 1940 at 4 *p.m.*

MR. PILLAI,

I have great pleasure in welcoming you this evening here both on behalf of myself and on behalf of this Special sub-Committee of the Chamber. We have always welcomed such occasions for personal discussions and exchange of views,

as then we are in a position to understand in a better manner the points of view of each other. Such personal contacts are all the more useful in periods like this when the necessities of War condition have led to various restrictions and regulations in the trade of the country.

Before I place before you the various questions which we wish to discuss today, may I make one suggestion ? The commercial community will very much appreciate if representations and communications sent by them on matters connected with trade in relation to war, are disposed of expeditiously. Letters addressed by the Chamber for instance regarding payments due from enemy countries, inadequacy of shipping in the coasting trade, difficulties regarding export trade, etc. have not been replied to. In ordinary times, a delay of a month or two in acknowledging or dealing with suggestions or complaints may not very much matter, but in periods of such an emergent character, a state of suspense or nervousness should be avoided and Government will be helping in this if they respond to communications and requests with dispatch.

Export Advisory Board

We welcome the announcement made by the Hon'ble the Commerce Member in the Council of State on 3rd April 1940 regarding the proposal for the establishment of an Export Advisory Board and we are awaiting full details of the scope and functions of this Body. It was mentioned in the press report of the said announcement that the Board would include representatives of shippers and agriculturists. We hope that it is the intention of Government to give adequate representation to commercial and trade interests on that Body. The importance of preserving and developing export markets for the staple products of the country is greater today. As a matter of fact, even in the United Kingdom with all the internal demand both for the needs of the civil population and for the successful prosecution of the War Govern-

ment are specially concentrating on the question of maintaining adequate export trade which is very necessary for more considerations than one. India, too, which is mainly an exporting country cannot afford to sit still particularly so when that part of the market which she had in those countries which are now our enemies and the adjacent neutral countries has been lost to us. The situation, therefore, calls for a planned programme of stimulating exports and it is very necessary that in any such effort representatives of commercial and trade interests should be very closely and fully associated and their views given adequate weight.

Establishment of Ancillary Boards at Major Port Centres

We had, in this connection, made a suggestion to Government that it would not meet the requirements of the situation if Government content themselves with appointing an Advisory Board with Headquarters at Delhi. In order that the machinery of the same may be useful in achieving the object in view Ancillary Boards should be constituted at all the important major port centres so that the requirements of the export trade at such centres may be fully considered and suggestions and proposals placed before Government in connection therewith.

The Central Body situated at Delhi would be divorced from the day to day developments and requirements at the exporting ends and would be very much handicapped in giving expeditious attention to matters that may crop up from time to time. It will not also be possible for commercial representatives to make frequent visits to the Central Headquarters in order to make any such central organisation active and effective in the discharge of its functions and duties and the plan of having Provincial Boards with a Central Board co-ordinating their labours will, to a certain extent, meet this practical difficulty. We hope that Government will be pleased to consider this suggestion favourably.

Restrictions on Exports to Neutral Countries

We have placed before Government more than once the difficulties experienced by Indian merchants on account of the war-time restrictions and regulations governing our export trade. Exports of very many goods are entirely prohibited ; while exports of some are permissible only under a licence. I am referring here to exports to neutral countries. Under the rules in force for the issue of licences an exporter has to apply for his quarterly quota on the 25th of the preceding month. It takes about two or three weeks and sometimes more before he gets a licence. It, therefore, becomes difficult for him to transact any business for the first month of the quarter. The authorities again want-complete proof of the sales by the 15th of the second month of the quarter which is also sometimes very difficult to comply with. The quota is granted on the basis of the shipments during the three previous years. The exporters are also expected to submit proof of their past shipments. The verification of this information sometimes takes a long time. The question of transhipment cargo presents some difficulty in the matter of verifying previous quota. In previous years goods might have been sent to ports like Hamburg, Antwerp and Geneva for transhipment to other countries. The Customs records perhaps do not contain any reference about such transhipment. On such occasions, the document which shippers are able to produce in support of true and correct destination while claiming quotas should generally be accepted.

It appears that in matters relating to the grant of licences the local Customs authorities have to wait and act on instructions issued from Delhi. Even in small matters they do not seem to be acting on their own. There is thus avoidable delay and perhaps it should be possible to make some modification in the procedure whereby the man on the spot may be vested with more discretion or alternatively officers specially deputed for the purpose may be placed at major port centres.

The Export quota is fixed for each quarter ; if any shipper is not able to avail of the quota for any particular quar-

ter for any reason, he must be given a chance to use that quota or the balance thereof in the next quarter. If however, he fails to use it fully even during the second quarter, the same may be distributed to other shippers. The present provision of the quota, being based on the average of the three previous years, does not give sufficient opportunities to merchants whose business has increased during the last one or two years. Sufficient allowance should be made for the natural growth of business and it will be more fair to base the quota on the export of one preceding year or at any rate on the average of the exports of the two previous years.

Safeguards for Securing a Fair Price for Commodities Subject to Control

There are a number of articles the exports of which, except to Empire countries, are prohibited. The sale of some articles is to be confined to Government agency alone. Thus in the case of wool all available supplies are to be sold to Government, export being completely prohibited. We submit that such a restriction should not involve any sacrifice to the Indian producer and merchant. A fair price should be assured to him and Government in their anxiety to secure war supplies at as cheap a price as possible, should not ignore the claims of the Indian producer for a fair treatment and should not inflict loss on the merchant on his stocks of such materials acquired at higher prices before the restriction was in force. Similarly, when such controlled commodities are re-sold through the agency of the British Government to any other neutral country, the benefit arising from any price difference in such re-sale should be passed on to the Indian merchant.

Exports of oilseeds such as castor seed, linseed and rape seed to all neutral countries have been prohibited and supplies of these seeds are being now acquired by His Majesty's Government. While on the one hand other channels of trade are controlled and stopped, on the other Government should not act in a way which would depress the prices of commodities

in India. Care should be taken to see that the interests of the Indian exporter are not subordinated to the considerations of expediency in regard to war supplies. We are glad that in the communique issued by Government on the 3rd April a reference is made to certain assurances which His Majesty's Government seem to have given to the Indian Government regarding the prices to be paid for Indian oilseeds. We are awaiting fuller particulars of these assurances and arrangements.

I may in this connection draw your attention to the fact that there is a feeling here that importers in U. K. and Empire countries get a price preference in respect of commodities the export of which, while they are controlled so far as neutral countries are concerned, are unfettered to the Empire countries. Indian exporters cannot take advantage of the higher prices offered by buyers from neutral countries on account of the restriction scheme. It is, therefore, desirable to see that the control scheme is not worked in such a manner as to prevent chances of the exporter at this end getting a fair price and a fair deal.

English Commercial Corporation.

It was recently announced that His Majesty's Government had formed a trading company called the English Commercial Corporation, for the purpose of developing trade with neutral countries. We will be glad to have information if Indian trade with such neutral countries is also expected to be confined through the agency of the said Corporation and whether the Corporation is likely to play any part in the development of Indian trade with nentral countries.

Summary record of replies given by Mr. N. R. Pillai

Mr. Pillai thanked the President and members of the Committee for the welcome accorded to him and for the opportunity given to him for having a discussion on some of the questions which had arisen from the present situation.

With reference to the complaint about the delay on the part of Government in replying to communications from the

Committee, Mr. Pillai suggested that a complete list of such communications should be sent to him.

Regarding the Export Advisory Board Government had not yet formulated details as yet. The functions of the Board would be published in the communique which would be issued later. Mr. Pillai also invited the views of the Chamber as regards constitution and function of the Board.

Mr. Pillai noted the disappointment of the Committee at the appointment of Captain Philby as the Deputy Controller of Indian shipping, but he said that he had no further information than what was given in the communique.

Regarding the complaint of the Committee about there being delay in the issue of licences for export, Mr. Pillai said that he would make enquiries if all such cases were brought to his notice.

With regard to the procedure about the issue of licences about which the Committee had complained that such a procedure resulted in inconvenience and delay, Mr. Pillai observed that this would be considered by the projected Export Advisory Board.

Regarding entrepot trade, Mr. Pillai pointed out the difficulty experienced by Government with regard to the acceptance of figures generally given by shippers. Thus, for instance, the ordinary trade of India in groundnut cake with Norway was about 13,000 tons ; while, according to the figures given by the shippers, it would be something like 80,000 tons ; this great discrepancy between the figures showing the difficulty of the task. Generally it should be taken that about 10 per cent of the trade that formerly went to Hamburg was intended for Norway.

With regard to the fixing of export quota also, Mr. Pillai said that it would probably be left to the Export Advisory Board to advise what the exact basis should be, i.e. whether it should be on the previous two years' exports or three years' exports.

It was pointed out that wool taken over by His Majesty's Government from Australia and New Zealand was paid for at much higher rates than those prevailed. Mr. Pillai said that it was the Supply Department which was concerned with this question.

It was also pointed out to Mr. Pillai that the prices paid by His Majesty's Government for Indian linseed were much below the parity prices paid by the same Government for Argentine linseed and were also much lower than the prices quoted in neutral countries, thus preventing the local shippers from taking advantage of the high prices which would be paid to them in neutral countries.

A similar complaint was made with regard to lower prices for castor seed and groundnuts. To all these, Mr. Pillai replied that a communique was going to be issued shortly in this connection.

With regard to the Commercial Corporation Mr. Pillai said that he had no information ; but he would secure it.

APPENDIX 76

Slump in Commodity Prices.

Letter No. 1506, *dated* 5*th July* 1940, *from the Chamber to the Secretary, Finance Department, Government of India.*

I am directed by my Committee to address Government in connection with the state of nervousness prevailing in the commodity and other markets in the City and other parts of the country caused by the heavy slump in prices of agricultural products. Recent developments connected with the war have accentuated the situation. The extension in the areas of belligerency and the consequent contraction in the export markets available for the staple products of this country, as also inadequacy of shipping freight for the transport of such commodities in fulfilment of existing contracts, have all contributed to an accumulation of stocks. Apprehensions about

the possibility of loss or damage to these holdings by enemy action have naturally caused a feeling of anxiety in the minds of exporters and businessmen. The inevitable result is that there is a general anxiety to get released of these stocks and consequently there has been a slump in the prices for the same. In order to restore confidence and to enable exporters and shippers to hold on to their stocks, my Committee had, in a telegram which they sent to the Government of India, Department of Commerce, on 28th June 1940, suggested the imperative necessity for instituting a scheme of Insurance for War Risks on land for commodities and manufactured goods. If such a protection is given, panicky sales on account of the fears of damage by enemy action will stop and exporters and shippers will be enabled to hold on to their stocks. This will have a toning effect on prices and the present sagging tendency will be checked.

The slump in the commodity prices is also attributable to the difficulties experienced by merchants in the matter of credit facilities. This is a sphere in which the Finance Department of the Government of India by initiating measures for providing adequate credit facilities can help in the solution of the problem. With the fears about the safety of the stocks of commodities, commercial banks which had made advances on such stocks, began to restrict credit facilities very much by asking for additional margins from time to time and by trying to be more orthodox in their loan policy. Merchants and exporters who are experiencing curtailment of credit facilities are obliged thus to sell their commodity holdings at uneconomic rates and even at a loss. In order that banks may be pursuaded to desist from restricting credit facilities, it is necessary that the Reserve Bank of India should afford to them greater re-discount facilities. If the scheduled banks are assured that they can look to the Reserve Bank for necessary advances against their loans to merchants and exporters on stocks of commodities, they will be freed from any undue nervousness regarding liquidity of their loans already given to merchants.

In this connection, it has been pointed out to my Committee that certain technical difficulties had been experienced in the past in the matter of interpreting the provisions of Section 17 of the Reserve Bank of India Act, governing business which the Bank is permitted to transact. Under Section 17(2)(*a*) of the Act, the Bank is authorised to re-discount Promissory Notes, drawn on and payable in India provided they bear two or more good signatures one of which shall be that of a Scheduled Bank and provided these Promissory Notes arise out of *bona fide* commercial transactions. This sub-section further provides that such Promissory Notes should be maturing within 90 days. Generally Promissory Notes are payable on demand. The Reserve Bank is reported to have been advised that on a strict construction of the sub-section payment on demand would not fulfil the technical requirement implied in the term "maturing within 90 days." Such a position would be untenable. The real intention of the term "maturing within 90 days" from the date of purchase or re-discount is or should be that the Reserve Bank should be entitled to demand the amount from the party at a date not later than 90 days. This the bank would be in a position to do in respect of a Promissory Note payable on demand. However, if there is any such legal difficulty, the same should be removed.

Under Section 17(4)(*d*) of the Act, the Reserve Bank is authorised to make loans and advances to scheduled banks on the security of Promissory Notes of such banks or of a Provincial Co-operative Bank, supported by documents of title to goods which have been transferred, assigned or pledged to such banks as security for cash credit or overdraft granted for *bona fide* commercial transactions or for the purchase of financing agricultural operations or for the marketing of crops. According to the interpretation put on this sub-section by the authorities of the Reserve Bank, it is deemed necessary that the original party to whom the advances had been made should be out of possession of the goods and should be holding only a delivery order which he has endorsed to the

Scheduled bank as security. In short, the Reserve Bank requires that *documents* of title to goods should have been transferred, assigned or pledged to the Bank and not the *goods* themselves by a document conferring title to possession which would certainly constitute a document of title to goods. The general practice in the country is that advances are made by banks on the security of goods of a borrower put into the possession of the banks. Documents of title to goods do not exist here, because there are no warehousing companies. Advances on the actual pledge of goods, my Committee consider, should be deemed as better security and there should be no technical insistence for substituting a system of advances only on documents of title.

The construction put by the bank as to what constitutes eligible paper for purpose of re-discount or accommodation under the different sub-sections of the Act, have thus stood in the way of trade and scheduled and co-operative banks getting adequate facilities from the Reserve Bank. They request that the matter should be examined at an early date, and in these times of emergency the provisions of the Act be amended by the issue of an Ordinance so as to enable the Reserve Bank to make advances freely to the scheduled banks and co-operative banks on the security of bills, Promissory Notes and goods pledged to such banks by their constituents.

Opportunity may also be taken to examine to what extent and in what manner the power of direct discount under Section 18 of the Act may be exercised and put into free use by the Reserve Bank with a view to meeting the present times of emergency.

Government should also statutorily fix minimum lending rates for the various commodities; advances upto such minimum should be freely made available by the Reserve Bank through Scheduled banks in respect of such commodities. Such a step will relieve the stringency now being felt and restore confidence in the markets.

My Committee hope that the Government of India will be pleased to give this matter their sympathetic consideration

and take suitable action which would have the effect of expanding credit facilities available to the mercantile community in the matter of loans and advances against stocks of commodities.

APPENDIX 77

Slump in Prices of Indian Linseed.

Letter No. 708, dated 19th March 1940, from the Chamber to Commerce Department, Government of India.

I am directed to draw the attention of the Government of India to the fall in prices of many varieties of Indian produce which were being exported to foreign countries before the war, as a result of various export restrictions placed by Government on such export trade.

The position created by these restrictions in respect of such export trade needs careful examination on the part of Government. Government are aware that this country produces commercial crops, a large quantity of which is exported to foreign countries. Hopes were entertained that the war would stimulate this export trade and would bring prosperity to the cultivator. The position, however, is that the policy of war restrictions has not allowed a proper development of this trade with the neutral countries who are otherwise large buyers of Indian produce, without at the same time providing any alternative markets for Indian produce.

To quote one instance in point, the Indian linseed has suffered a serious slump in price after the war, the fall being as much as 40 per cent from the top even though the price of the American linseed has not undergone any appreciable change.

What my Committee want to bring to the attention of Government is that this fall in prices of Indian linseed as well as in other commodities is a direct result of export restrictions. As a consequence, the U. K. purchaser has taken

advantage of the situation and is offering considerably lower prices for Indian produce. Besides, the buying machinery of U. K. and France has reduced this trade to helplessness. Lack of shipping freight space made available for such trade is also in no small measure responsible for the low prices of Indian commodities.

My Committee feel anxious in view of the heavy set back sustained by such export trade as a result of Government restrictions referred to above and urge Government to make available, increased tonnage for linseed and other such commodities and also to take steps to modify export restrictions wherever possible.

APPENDIX 78.

Surplus Production of Commodities in India.

Letter No. 64-T., *dated* 1st *October* 1940, *from Commerce Department, Government of India to the Chamber.*

I am directed to forward a copy of an extract from the Honourable the Commerce Member's speech at the meeting of the Export Advisory Council in Bombay on the 12th September 1940 regarding the problem of surplus production of commodities in India. The Government of India would be grateful to have the views of your Chamber at a very early date.

Extract from the speech of Honourable the Commerce Member, regarding the problem of surpluses in India made at the meeting of the Export Advisory Council on 12*th September* 1940, *at the Council Hall Building, Bombay.*

I should like, at this stage and within the limited time available, to refer to the question of the surplus production of some of our raw commodities. The main raw commodities with which we may primarily concern ourselves, are Jute, Cotton, Groundnuts and Wheat. I refer to these commodities in particular because if the prices of these commodities

could be stabilised at a level which is reasonable, it is possible that other commodities may find their own level without an undue depression in the prices. Putting it generally, the problem with reference to other commodities may not be so difficult, if the primary raw commodities are kept at a reasonable level of prices. I am anxious to obtain the views of the commercial organisations as regards how best this problem can be solved. I do not wish to create a scare by suggesting that the problem of the disposal of surplus production of these commodities is anything like acute at the present moment. From all the information which we have at our disposal and from all the statistics that we have been able to gather, there is no serious problem with reference to the disposal of surpluses of the last year's production.

We must try, however, to look ahead and prepare ourselves for contingencies which we hope will never arise, but which we cannot shut our eyes to altogether. We have seen Export markets constricting from time to time and in the uncertain conditions which are prevailing in the world today, a further constriction of these Export markets cannot be ruled out. In certain eventualities therefore, the problem may become acute, and the Government of India is anxious to take into confidence the commercial interests and have their advice as to what solution they would like to put forward before the Government.

Let me state the problem as it presents itself to me. These main commodities, to which I have referred, are produced normally by the cultivation of a certain amount of acreage and their production can be disposed of partly by internal consumption and partly by exports to countries outside India. Owing to the entire European market having been virtually lost, large surpluses must remain in this country unless measures are adopted and methods devised to dispose of these surpluses. A solution that readily strikes one is that we must find alternate markets for these products. While, as you are aware, Government is anxious to find such alternate markets, the solution in many instances is more apparent

than real. The same glut that may develop in the Indian market may quite equally develop in other countries producing these raw products, and alternate markets are not thus so easy to discover as is sometimes supposed possible to do. It has been suggested that the surpluses can be stored up for the rainy day which we are hoping for when at the end of the hostilities there is likely to be a much greater demand for our commodities from the starving population of European countries. That is an aspect of the question which we are having in mind, but in that connection there is a wider issue that is likely to be raised. It is possible that in connection with the European markets which may reopen at the end of the hostilities, concerted action by more than one neutral country and by the British Commonwealth of Nations may have to be taken. You are aware of the recent Conference at Havana where this problem was discussed and without disclosing any confidence, I may say that the question of bringing all neutral countries and the British Commonwealth of Nations into one scheme to conserve certain resources of these countries for the period of the hostilities after which they may have to be disposed of to the European markets is under consideration. The difficulty of this proposal cannot however be gainsaid for whereas the demand is likely to be great, the resources of the European countries to purchase these much needed commodities may be very limited.

I should like, however, to confine our attention for the present to conditions in India and to see how far we can go in devising methods towards the solution of this problem.

There is *prima facie* the solution of curtailing the acreage of production, either by allowing some portions of the land to lie fallow or by turning from one kind of cultivation to another and finding an alternate crop which may be consumed internally. The difficulty of curtailing the area in this country where there are many millions of peasant proprietors is obvious. Equally obvious must be the difficulty of finding alternate crops on some of these lands. But curtailment is a solution which cannot be ignored. Secondly to keep up a

level of prices internally, a certain amount may have to be withdrawn from internal consumption and the surplus stored either for export purposes or otherwise disposed. It is possible by this means that a suitable level of prices may be got for internal consumption which will be of help to the agriculturists. In such a case, problems relating to storage obviously arise. Some commodities can be stored in the raw stage. Are there any methods of storing them in semi-manufactured state ? In either case, who is to take responsibility of the storage of these surpluses ? How is the export of these products to be maintained ? Should it be maintained through the ordinary trade channels to the extent possible or should a new organisation be developed for the purpose ? If large surpluses accumulate and remain unsold, they will have a depressing effect on internal prices. Is it possible to maintain a level of prices for the internal market different from the level that may have to be maintained for the external market —the latter finding its price level on the basis of world parity with similar products from other countries ? Again, if governmental organisation or a commercial organisation backed up by the Government is set up for the purpose of dealing with these surpluses, how is the loss on account of cheap sales of these surplus commodities or in some case destruction of the surpluses to be made up ? How far is the commercial community going to organise itself or is prepared to organise itself to guarantee the risk, and to what extent do they want help or facilities from the Government and in what direction ?

These are some of the thoughts that strike one on a somewhat cursory examination of the problem. I do not put forward any particular suggestion and perhaps the cumulative effect of several solutions may have the desired result.

I shall be glad if you individual representatives here would consult your various organisations and let me have your opinions at the latest by the time we meet next at this Export Advisory Council.

Letter No. 2592, dated 21st November 1940, from Chamber to the Commerce Department, Government of India.

The Committee of this Chamber have considered the accompaniment to your letter No. 64-T, dated the 1st October 1940, being the extract from a speech delivered by the Hon'ble the Commerce Member at the meeting of the Export Advisory Council held in Bombay in September last. The subject-matter of the communication refers to the question of surplus production of some of the raw commodities in the country and the means to be taken to solve the problem connected therewith. The Hon'ble Member in his speech referred to several likely and probable expedients and my Committee would express their views and opinion on them seriatim.

The Commerce Member has referred to the question of the solution of the problem by curtailing the acreage of production either by allowing some portions of the land to lie fallow or by turning from one kind of cultivation to another and finding alternative crops which may be consumed internally. The solution as the Hon'ble Member himself admits, is not a simple one. It has called for grave and serious consideration, combined with a large amount of subsidy in countries where it has been tried. My Committee are of opinion that generally acreage in regard to crop will not bear curtailment as, any such step will require as a substitute, a valuable cash crop, as without it agriculturists will not be able either to recoup their expenses or to pay even Government revenues. It may also have the effect of causing agricultural unemployment. At the same time, they feel that where the interest of the farmers are not likely to be adversely affected or where a particular crop, acting as a substitute for another, is marketable and where again, suitable conditions exist, my Committee are not averse to any attempt at such substitution. If, having regard to the suitability of climatic and soil conditions, the acreage in regard to any of the commodities in which a surplus in the existing circumstances is likely, there should be no objection to transferring such acreage to such other commodities as will find a ready market

internally. What my Committee wish to make clear is that in the anxiety to avoid over-production in a particular commodity, curtailment should not lead to a reduction in the arable land, but should mean the substitution by a valuable cash crop as mentioned above, as otherwise, agriculturists will be placed in serious financial difficulties.

Another likely solution for the difficulties which are presented by the problem of surplus stocks is storage in some form or other. The Hon'ble Member observed that to keep up the level of prices internally a certain quantity may have to be withdrawn from internal consumption and the surplus stored either for export purposes or otherwise disposed of. This method is not unknown to countries like U. S. A. and others which have provided Elevators, Silos, etc., for storing up some of the raw products. Although this question of storage was considered some three decades back in this country, it is curious that thereafter no steps were taken. My Committee consider that if scientific and systematic storage facilities in the shape of Elevators, Silos, etc., are provided here, there is no reason why a part of the surplus production cannot be stored up. At the same time, it must be borne in mind that commodities like groundnuts and cotton are liable to deterioration after a certain period, say one year, while certain other commodities, e.g., linseed, are likely to deteriorate after a couple of years.

In order to avoid the loss to the agriculturists, my Committee feel that the best solution would be for Government to buy up surplus stocks and store them. Such purchases should be made at reasonable and fair prices. If the storage facilities are there, there is another likely expedient which would help both the business and agricultural communities and that is, a fair price may be fixed at which loans without recourse may be raised on such commodities stored. Financial assistance by way of such loans is suggested as an alternative method of relief if Government ultimately think that they are not in a position to purchase the surplus stocks of commodities,

My Committee approve of the idea of a Commercial Corporation being organised for the purpose of looking after the storage, finance, purchase, sale and export of surplus products. The constitution of such a Corporation will have to be determined in consultation with commercial organisations and should be such as to command the full confidence of the Indian Commercial Community. Any loss incurred in any of the transactions connected with the disposal of the surplus production should be shared between His Majesty's Government and the Government of India.

Another important direction in which the disposal of surplus production of raw commodities can be assisted is by the increased utilisation of such products in India by the development of corresponding industries. All such steps which would stimulate the use of such raw materials is substantial and considerable quantities within the country itself in industrial processes should be pursued and undertaken and the Government of India should give every encouragement and support for the expansion of existing industrial capacity and for the development of new industries, so that a long-range solution of the problem of surplus production by the increased use within the country of such products may be achieved. My Committee emphasise that this aspect of the matter should receive the earnest consideration of Government.

Steps should be taken to stimulate exports of Indian manufactured goods also along with raw products. Government should give every facility and assistance for promoting such exports. The creation of new export markets and the expansion of existing markets for the manufactured products of Indian industries will have the direct result of such industries utilising increased quantities of our raw materials and increased employment of labour and Indian capital and, at the same time, securing to the country the benefits which would result from such industrialisation. My Committee, therefore, urge that the question of facilitating and stimulat-

ing exports of our manufactured products is an integral part of the problem of the disposal of our surplus commodities.

While the constriction of export markets due to factors connected with the war has led to this lack of demand for our raw commodities, it has at the same time to be borne in mind that we are not able to take full advantage of such markets as may be available even now on account of difficulties connecting with shipping freight. My Committee understand that the problem of freight is getting more acute and that the situation instead of easening, is presenting greater difficulties. It is a sphere in which only active and sustained assistance from Government can bring about any improvement and my Committee wish to refer to this matter once again so that a prominent place will be given to it in any proposals which Government may formulate for solving the question as a whole.

My Committee would also like to stress that any action taken by Government in this regard should be timely. For instance, it was announced sometime back by the British Ministry of Food that certain minimum prices were fixed for Indian groundnuts and linseed for the purchase of the requirements of those commodities on behalf of His Majesty's Government. It gave heart to the markets which were encouraged to believe that the British Ministry of Food would buy up substantial stocks of such commodities ; but, unfortunately, the Ministry of Food has not made any substantial purchases at the prices fixed, with the result that feelings of uncertainty and nervousness appear to dominate the markets in question. My Committee are referring to this with a view to impress on Government the desirability of announcing their steps to solve the problem of surplus production at an early date and thereafter following it up with prompt and timely action ; for any action in this regard to be effective, it should be planned and pursued before the pressure of the new crop is brought to bear on the markets.

In conclusion, my Committee would like to suggest that the Honourable the Commerce Member will be pleased to

call a Conference of representatives of the various commercial organisations interested in this question so that the problem can be thoroughly discussed and possible lines of action formulated. Such a Conference should be called at an early date. Time is of essence in the satisfactory solution of this problem and correspondence between Government on the one hand and public institutions on the other will naturally involve delay with the result that the relief contemplated or any ultimate solution agreed upon may perhaps have not the desired effect.

APPENDIX 79

Information regarding India's Productive Capacity.

Letter No. O.112-Ind.S.|40, dated 5th September 1940, from Mr. T. S. Pillay, Commerce Department, Government of India, Simla, to Chamber.

I enclose a copy of a letter which I have addressed to the Federation of Indian Chambers of Commerce and Industry, New Delhi, the Associated Chambers of Commerce of India, Calcutta, and the Millowners' Associations, so that you may also help us in collecting information asked for. Any information available may be addressed to **by name** so as to reach me not later than the 1st of October 1940.

"I have the honour to state that, as you are probably aware, the Eastern Group Conference convened by the Government of India is to meet at New Delhi on the 25th of October and the following dates. The deliberations of the Conference itself will be strictly limited to war supply problems but it is hoped that, with the consent of individual delegations to the Conference, discussions may be conducted outside the Conference to ascertain how far the countries represented can meet each other's civilian needs, particularly in the field of industrial products. It will be extremely useful in this connection for the Government of India to have full information about India's productive capacity as it already exists in the industrial field, more especially, with reference to those indus-

tries which are producing goods that were previously obtained from enemy countries including countries in enemy occupation, and which have a surplus capacity. It will also be useful to have a statement of India's needs in the way of imported products, where foreign sources of supply have been cut off and not replaced by internal production, so that these can be stated to other possible suppliers.

2. I am to seek the assistance of your Chamber/Association in collecting the required information, as stated above, and shall be grateful for any material you can send to me not later than the 15th of October 1940, and if possible, as much material as is available by the 1st of October 1940."

Letter No. 2393, dated 18th October 1940, from Chamber to Mr. T. S. Pillay, Department of Commerce, Government of India.

I am directed to acknowledge the receipt of your letter No. O. 112-Ind.S|40, dated 2nd October 1940.

You have enclosed with your letter of the 12th September 1940 extracts from the speech of the Hon'ble Member for Commerce, wherein he asks for certain information with reference to the present development of industries in the country, particularly information about the stage of the industries, state of production, the facilities for exports and the markets industries have got. It has always been the grievance of the commercial public that the work of collating statistics in this country leaves much to be desired. The information which is asked for can best be secured by Government and is, as a matter of fact, secured by Governments in all the advanced countries. The commercial bodies have not got such information with them, and my Committee regret that it is not possible to collect it and send it on to you.

APPENDIX 80

Eastern Group Conference.

Letter No. 2682, dated 28th November 1940, from Chamber to Commerce Department, Government of India.

I am directed by the Committee of this Chamber to address the Government of India with regard to certain aspects of what is known as the Eastern Group Conference held recently at New Delhi.

In the first place, my Committee beg to protest most strongly against the way in which Indian commercial and industrial interests have been virtually and practically ignored in connection with the Conference. It is true that, late in the day, Government did appoint certain Indian businessmen as Advisers ; but these Advisers too were nominated in their individual capacity and not as representatives of any particular commercial organisations. Even these Advisers, so far as the knowledge of my Committee goes, were not entrusted with any responsible work, either on the Committee or Sub-Committees, and before even the Plenary Session of the Conference was held to consider the various reports of the Sub-Committees and formulate their conclusions, their presence was dispensed with by a letter of thanks, which clearly conveyed the impression that their presence was no longer necessary. So, for all practical purposes, so far as the Indian business community is concerned, the Eastern Group Conference's decisions will be arrived at without the Indian commercial and industrial people having any say with regard to them. This is a most undesirable state of things, and my Committee regret that such a state of things is possible even at the present juncture, when Government profess to desire the co-operation of the country.

My Committee are afraid that the talk of pooling of the resources of the countries comprising the Eastern Group of the Empire might lead to India being deprived of her right and privilege of organising and developing her own industries and making herself self-contained. My Committee are

informed that an observation was made at one of the meetings of the Sub-Committee that naval construction and aircraft manufacture need not be taken up by India from the Empire point of view as India's needs in the matter of ships and aircraft can be supplied by other parts of the Empire. Their attention has also been drawn to a statement issued by Sir Walter Massey Greene, Leader of the Australian Delegation, who is reported to have remarked :—

> "It is manifestly unwise in time of war for one part of the Empire to start some war industry, *de novo*, and go through all the process if another part can supply the needs by extension or development of its existing resources."

Recognition of this principle will not only give to India, which has no responsible government of its own, a great setback in the various spheres of its national life, but it will also strike at the very roots of its national policy of defence. My Committee, therefore, want that an assurance should be given that any action taken as a result of the discussions of the Conference should not stand in the way of India being at liberty to develop industries of national importance, such as key industries, heavy engineering industry, automobile and aeroplane manufactures, etc.

There is another apprehension which is that, on account of the working of the Roger Mission as well as the Eastern Group Conference, enterprises, British-owned and British controlled and of an entirely British character might be started here. In fact, with regard to industries that are likely to be started and developed in this country as a result of the discussions of the Conference, the danger of infiltration of foreign capital for such industrial undertakings should be guarded against. Indian industries should not be allowed to be placed in a position in which they will have to face the competition of corresponding industries established by non-Indian capital and thriving in the country under the protection afforded by the tariff wall.

My Committee have referred in the very beginning to the non-representation of Indian interests at the Conference, and they take this opportunity of pointing out that the Government of India have left off the very healthy policy of asking the different commercial organisations to send their own representatives instead of nominating them themselves. We hope that the step taken recently by Government of nominating certain individuals, however highly placed they may be, will not be considered as a precedent and that the old policy will be maintained and continued. They also urge, with all the emphasis they can command, that representatives of India at such Conferences should not be placed merely in cold storage but should be allowed to function and to take active part in all the deliberations, whether in the Committee stage or in the Conference stage. Unless such an active co-operation with the representatives of Indian trade, commerce and industry is forthcoming, their presence will neither be helpful to Government nor help to the country itself.

In conclusion, my Committee would like to urge that no action should be taken on any decisions of the Eastern Group Conference without consulting the representative Indian commercial bodies on the same. My Committee also hope that the Government of India will be pleased to arrange for elected representatives of the Indian commercial community on the Standing Advisory Committee which, they understand, is now going to be appointed to carry on the work of the Eastern Group Conference.

APPENDIX 81

Prohibition of Imports of Goods from 23 Countries.

Letter No. 596, *dated 6th March* 1940, *from Chamber to Commerce Department, Government of India.*

The attention of the Committee of this Chamber has been drawn to a notification which was published in the *Gazette of India,* Part I, dated 10th February 1940, informing the business community that with effect from 10th March 1940,

importation into India of all goods consigned from any country specified in the enclosure marked A is prohibited unless accompanied by certificates of origin and interest in the form prescribed in the enclosure marked B.

My Committee have received complaints from several members that the period of one month is too short, looking to the fact that merchants here will have to inform their constituents in many of the countries specified. Owing to war eventualities and circumstances, there are postal delays and there are also several times difficulties in the way of cable communication. Looking to all this, my Committee will be obliged if Government will be pleased to extend the period by one month, i.e., from 10th March to 10th April 1940, which will give enough time to merchants to inform their constituents abroad.

APPENDIX 82

Import Trade Control (Import Advisory Council).

Letter No. 1396, *dated 22nd June* 1940, *from Chamber to Commerce Department, Government of India.*

The attention of my Committee has been drawn to the notification issued by the Government of India dated 20th May 1940 announcing the introduction of a scheme of restrictions on imports into India of several articles specified therein. They have also seen the Press-Notes issued by Government explaining the scope and object of the proposals in question.

While my Committee realise that in the existing circumstances, some measure of control over imports is inevitable, they feel that Government should at the same time, take steps to ensure that the scheme is administered and enforced in a manner which will cause minimum inconvenience specially to different industries. To achieve this result, they are of opinion that Government may well appoint an Import Advisory Council on the lines of the corresponding body recently constituted for export trade. The advice of such a

body will be very useful to Government and the Import Trade Controllers to decide on many matters that are likely to arise in connection with the administration of the scheme ; particularly, they can consult the Council with regard to applications for licences and the *bona fides* of the claims made in such applications. They can also have advice on the point of the indispensability of articles for which the licences in question are asked for. Furthermore, Government can in collaboration with such a Body explore ways and means of inducing indigenous production of some of the articles in the control list, requirements of which are now being met exclusively or mainly from imported sources.

My Committee hope that the Government of India will be pleased to consider the above suggestion favourably and to appoint an Import Advisory Council at an early date.

Letter No. 06861-C|40, *dated 4th July,* 1940, *from Commerce Department, Government of India to Chamber.*

In am directed to invite a reference to your letter No. 1396, dated the 22nd June 1940, suggesting the constitution of an Import Advisory Council in connection with the administration of the Import Trade Control Scheme. The Government of India have carefully considered the suggestion but are of the opinion that it would be premature to take such a step before further experience of the working of the scheme has been gained and a clearer view obtained of the nature of the problems involved. I am further to point out that the question of encouraging the indigenous production of the articles on the control list, referred to in paragraph 2 of your letter, is not a matter which could be suitably entrusted to an Import Advisory Council representative of importers, even if such a body were ultimately constituted ; it is rather a matter for consideration by organisations of industrialists.

Letter No. 1957, *dated 24th August* 1940, *from Chamber to Commerce Department, Government of India.*

I am directed to acknowledge receipt of your letter No. 06861-C|40 of the 4th July 1940 on the above subject.

My Committee are of opinion that the association of an Import Advisory Council with the working of the scheme will give Government *clearer view of the nature of the problems involved,* and would, at the same time, eliminate and minimise the inconveniences to trade and industry on account of the restrictions and limitations resulting from the scheme.

With reference to the remarks in the concluding sentence of your letter under reply, my Committee did not in their letter of the 22nd June in any way suggest that the personnel of the Council should be confined to representatives of importers. They had in fact in mind a Council which would also include representatives of industries whose advice and assistance will be helpful to Government both in determining the extent of essential imports to be allowed and permitted under the control scheme, and to explore the possibilities of stimulating within the country the manufacture and production of articles in the control list, the requirements of which are being met exclusively or mainly from imported sources.

My Committee request that the Government will be pleased to consider this matter further and to sanction the creation of such an Advisory Council at an early date.

APPENDIX 83

Import Trade Control — Difficulties under

Letter No. 1713, *dated* 30*th July* 1940, *from Chamber to Commerce Department, Government of India.*

The Buyers' and Shippers' Chamber, Karachi, have forwarded to my Committee copies of their letters No. M. 27|844 of the 25th June 1940 and M. 27|846 of the 26th June 1940, regarding difficulties experienced in the matter of restrictions imposed by the Import Trade Control Scheme. My Committee have considered the difficulties pointed out by the Karachi Chamber and they feel that they are all of practical importance and should be removed.

The suggestions made by the Chamber that the interpretation of the term "firm contracts" and "replacements contracts" etc., should be liberalised and that wherever evidence in any form of intention to enter into a contract is produced, such evidence should be deemed to be sufficient for the purpose of the requirements of the control scheme may well be adopted so as to meet the practical difficulties pointed out by that Chamber.

My Committee also agree with the suggestion of the Chamber that the period fixed for the grant of licences should be extended. In view of the great difficulties experienced in arranging shipping freight, the present procedure of limiting the period of licence to two months will not work smoothly. Licences should be given for the period of one year, the importer having the freedom to get the shipments within that period whenever freight is available.

The conflicting nature of the requirements under the Import and Export Control Schemes is another matter which requires to be looked into immediately and the procedure simplified. In these days foreign exporters, before finally accepting Indian orders, require credit to be opened in the country of export concerned. The Reserve Bank authorities, however, will, under the Exchange Control Scheme, allow the opening of credits only when they are satisfied that permission to import has been granted under the Import Control Scheme. The Import Controller again insists on the production of contracts to import before granting the licences. As the contract cannot be completed before the credit is opened, which again will be allowed to be opened only after the licence is granted, it is not possible to submit contracts while applying for licences.

My Committee hope that the Government of India will be pleased to consider the above practical difficulties and to bring about such modifications in the rules and procedure under the Control Schemes.

Letter No. 66-C.W.(23)|40, dated 13th August 1940, from Commerce Department, Govrenment of India to Chamber.

With reference to your letter No. 1713, dated the 30th July 1940, I am directed to forward a copy of this Department letter No. 66-C.W.(23)|40, dated the 5th August 1940, to the Buyers' and Shippers' Chamber, Karachi, on the above subject, together with a copy of letter dated the 4th July 1940 referred to in paragraph 6 thereof.

(*i*) Copy of a letter referred to in the letter under reference addressed to the Buyers and Shippers Chamber, Karachi :

I am directed to acknowledge the receipt of your letters Nos. M. 27|844 and 846, dated the 25th and 26th June 1940 and Nos. G. C. 3|21, 22 and 23 dated the 1st July 1940 in which your Chamber has made the following suggestions for the consideration of the Government of India :—

(*a*) that a sale note, letter or cable from the supplier in confirmation of the Indent should be accepted as a firm or running contract and licence should be granted forthwith therefor ;

(*b*) that a general licence should be given for the goods already under order on the 20th May 1940 and for which the necessary applications were made before the 20th June 1940 ;

(*c*) that Replacement Certificates should be granted to the original importer who imports goods either on his own behalf or for some retail purchasers who in turn take delivery of the goods from the former and re-export them in their own names ;

(*d*) that for the purpose of licensing quotas for a full year may be fixed instead of for two months and the quoted quantities may be shipped in lots according to the available freight and licences should be given for a full year ;

(*e*) that in view of the difficulties of the trade in getting permission for opening credits and in getting licences without contracts, the present restrictions may be modified and the Import Trade Controllers asked to issue licence with least possible delay and the Reserve Bank instructed to modify their restrictions in the matter of grant of permission for opening credits ; and

(*f*) that general permission for the import of fruits from Iran may also be given and that country included under Open General Licence No. VI.

2. In reply, I am to say that the point raised at (*a*) above is under consideration and a further communication will be sent to you in due course.

3. As regards (*b*), the Government of India regret their inability to agree to the suggestion for the reason that if an Open General Licence were issued, it would transfer responsibility for checking the genuineness of orders from the Import Trade Controller to the Custom House which is not considered desirable. In this connection, I am to point out that necessary instructions have been issued to the Import Trade Controllers to give preference, as far as possible, to goods ordered before the 15th May 1940 though actually the subject of a firm contract made after that date but not so late as to have made application before shipment possible. Orders placed after the 15th May 1940 are not covered by these instructions and the Government of India regret that they cannot extend the concession to orders placed between that date and the 20th May 1940.

4. With regard to (*c*), I am to say that a revised Open General Licence No. I is being published in the *Gazette of India* shortly, which will allow application for a replacement certificate to be made either by the re-exporter or, if so authorised by the re-exporter, by the original importer.

5. So far as (*d*) is concerned the Government of India regret that they cannot agree to licences for more than two two-monthly periods being granted in advance. I am how-

ever to add that though it is intended to allow a reasonable margin for late shipments, it would defeat the object of the control if anticipatory shipments were allowed.

6. With reference to the suggestions contained at (*e*) in paragraph 1 above, I am to invite your attention to this Department letter No. 66-C.W.(23)|40, dated the 4th July 1940 and to say that paragraph 2 of that letter seems to settle the matter.

7. The Government of India regret that it is not possible for them to add Iran to Open General Licence No. VI for unrestricted importation of fruits from that country.

(*ii*) With reference to your letter No. M. 27|805, dated the 4th June 1940, to the Secretary, Central Board of Revenue, I am directed to say that in paragraph 2 of the Notice referred to in your letter the jurisdiction of the Import Trade Controller was stated to be "extending to the ports and land custom stations in the Provinces shown against each." This refers only to the ports and land custom stations at which the goods are to be imported without any reference to the domicile of the ultimate importer. The Import Trade Controller at the port of importation will deal with the goods imported at that port irrespective of the domicile of the importer.

2. As regards the second question raised in your letter that licences should be granted to the merchant for importation when he places an order, I am to point out that paragraphs 4 and 5 of the notice referred to above make it clear that in the case of applications for licences under exception (*vii*)(*b*), to which alone you presumably refer, the only obligation is to apply before the goods are despatched on through consignment to India, without any further condition that the goods must be the subject of an accepted contract before the application is made. The notes to paragraph 5 of the notice also require that the applicant is required to show only the "*intended* month of shipment" and that the entry "date of contract" is not to be filled in. In other words this means that applicants may apply under exception (*vii*)(*b*) as soon as they have sent their orders without waiting for

acceptance and without knowing the *actual* date of shipment. If an order in respect of which a licence has been given is not accepted, the applicant can apply for the cancellation of the licence with a view to making a revised application. I trust this explanation clears the doubts expressed by your representative who met me recently at Simla.

APPENDIX 84

Import of Leather Scraps.

Letter No. 2681, *dated 27th November* 1940, *from Chamber to Import Trade Controller, Bombay.*

Messrs. N. G. Gulamhusen & Sons of Surat have forwarded to my Committee, a copy of their letter dated 9th November 1940, addressed to you regarding issue of a licence for the import of leather scraps from America. From the correspondence, it appears that you are getting the point about the existence of an absolute embargo on imports of leather scraps cleared by the Government of India.

Whatever may be the decision of Government on this particular point, my Committee submit that so far as the specific consignment referred to by the party is concerned, they should be allowed to import the same. They have furnished you details to show that the contract in question was entered into before the 15th of May and that their arrangement with the shippers was that the shipment was to be made in two parts ; the first part was duly permitted to be imported.

As under the Import Restriction Scheme, announced on 20th May 1940, the restrictions in question are to apply only to goods which were not the subject of a firm contract entered into before the 15th May 1940, it is fair to suggest that the part of the consignment should not be subjected to any restrictions or embargo.

My Committee, therefore, request that Government will be pleased to issue them the necessary licence after satisfying themselves that the contract covering the same was entered with the American shippers before the prescribed date.

Letter No. 8442/40, I.T.C., dated 28th November 1940, from the Import Trade Controller, Bombay, to Chamber.

With reference to your letter No. 2681, dated 27th November 1940, I have the honour to inform you that as there is an absolute embargo against the import of leather scraps from the United States of America, your request cannot be granted.

APPENDIX 85

Import Restriction Scheme and Quota for Rubber Goods from Japan.

Letter No. 2786, dated 11th December 1940, from Chamber to Commerce Department, Government of India.

When the Import Trade Control Scheme was introduced on 20th May 1940, it was announced that applications for licences for goods already under order on that date would receive prior preference. By a recent notification issued by the Government of India, however, it would appear that Government have decided that no such preference should be granted and that previous contracts should also be adjusted against the individual applicant's quota for a period of 12 months.

The attention of my Committee has been drawn to a case in which the change in the procedure as above has involved real hardship. They are referring to the case of Messrs. T. M. Thakore & Co., Bombay, in regard to the licences for imports of rubber goods from Japan. The facts of the case have been stated in the Company's letter to Government dated 26th November 1940, a copy of which has been furnished to me for the information of my Committee.

The Company were given two contract licences Nos. 216 and 252 for the import of rubber goods from Japan. On the basis of the said licences the suppliers at the other end were asked to proceed with the manufacture of the goods covered by the contracts and the licences. Before 15th September, a part of the contracted shipment arrived, leaving a balance of

goods worth about Rs. 13,000 yet to be shipped. In the meanwhile, the decision of Government not to give any preference for contracts entered into before 20th May was announced. The Company immediately got into touch with their suppliers communicating to them the development in regard to the grant of licence. They were in reply informed that the goods in question had already been delivered to the steamer company and were awaiting shipment pending receipt of intimation about licence.

As the goods were specially manufactured to the order of Messrs. T. M. Thakore & Co., on the basis of the licences already granted to them, it would appear that the manufacturers were likely to claim damages from the party if arrangements were not made to ship them to this country. In fact, it appears that they have already intimated Messrs. T. M. Thakore & Co. that the goods would be auctioned on their account and that they would be held responsible for any loss.

As Messrs T. M. Thakore & Co. are indentors, they have no previous quota against which the consignment in question could be adjusted. It also appears that there is no surplus quota for the Japanese rubber goods from which the above supply could be provided for.

Having regard to the fact that the goods were ordered before 15th May and licences were previously granted for the same, my Committee would request Government to take into consideration the particular circumstances of this case and to allow the import of the balance of the consignments in question. It is requested that Government will be pleased to issue necessary instructions allowing the import of the goods at an early date.

Letter No. 355 (3)-*Tr.*/(*I.T.C.*) 41, *dated* 11*th January* 1941 *from Commerce Department, Government of India to Messrs. T. M. Thakore & Co., and a copy of the same forwarded to the Chamber.*

In continuation of this Department letter No. O-2609-Tr./40, dated the 9th December 1940, I am directed to say that

after careful consideration the Government of India regret that they cannot accede to your request.

2. I am however to suggest that you should try to arrange with your clients who cleared the consignments during the period 1st September 1938 to 31st August 1939 to transfer their quotas to you so that on the authority of such transfer you can import the goods in question.

APPENDIX 86

Delay in receipt of Quota Certificate.

Letter No. 2791, dated 11th December 1940, from Chamber to the Senior Censor, Bombay.

The Committee of this Chamber have received a complaint from some of their members that their documents covering shipments from Japan are received by their Bankers in Bombay abnormally late. In fact there are certain instances in which only duplicate documents without the quota certificate have been received after 4 to 6 weeks from the arrival of the steamers. It is not possible in the absence of the quota certificate for the goods to be cleared from the Docks and as a result merchants have to pay heavy demurrage. The merchants fear that part of this delay is due to the documents being examined in the Censor's Office at Bombay and Calcutta. My Committee will be obliged if you will be good enough to let them know if these documents are being examined in the Censor's Offices at Bombay and Calcutta and if the delay which is complained against can be avoided in the interests of trade.

Letter No. B.P.C.|2003|176, dated 13th December 1940, from the Senior Censor, Bombay, to Chamber.

This has reference to your letter No. 2791 of 11th December 1940, on the subject of alleged late receipt by members of your Chamber of some of their documents covering shipments from Japan.

In connection with the above, this Censor Station is of course not in a position to make any statements regarding work handled by Calcutta, but we can say that there is no undue delay in the handling of almost any mail coming through Bombay. Your members must bear in mind that mails generally these days are most irregular, and are liable to arrive through most unusual routes often causing much delay. This Censor Station has, naturally, no control over this point, but you can be advised that in general there is rarely more than two or three days delay as a result of censorship.

In order that we can investigate the alleged complaints, it is suggested that you forward some of the envelopes in question together with relative details, when, I can assure you, the matter will receive full attention.

Letter No. 2792 A, dated 11th December 1940, from Chamber to the Secretary, Japan Cotton Spinners' Association, Bombay.

The Committee of this Chamber have received a complaint from some of their members that since the last three or four months documents covering shipments are being received by their Bankers in Bombay abnormally late. It is alleged that there are certain instances in which only duplicate documents without quota certificates have been received after 4 to 6 weeks from the arrival of the steamers in Bombay. You will realise that in the absence of the quota certificate, the Customs authorities here could not allow the goods to be cleared and as such they have to incur heavy demurrage. One of the reasons for this delay is stated to be that the documents are taken to the Censor's Office at Bombay at Calcutta. At the same time our merchants suggest that your Association should address your Head Office in Japan that they should issue duplicate quota certificate with instructions to the shippers to hand over the original to the Banks along with the documents and the duplicate copy should be sent by air mail along with the invoice by the shippers to importers directly. It is hoped that your Association will adopt the above sugges-

tion in the interests of facilities to merchants here and a better and speedier trade.

Letter No. 9566, dated 13th December 1940, from the Secretary, Japan Cotton Textile Exporters Association for India, Bombay, to Chamber.

Your letter No. 2792, dated 11th December addressed to the Japan Cotton Spinners' Association has been re-directed to us, and noting contents thereof we regret that some inconvenience was caused to the merchants here, due to the late or non-receipt of some Quota Certificates for reasons which were quite out of our control.

However, it has now been so arranged, that in case a merchant does not get the Quota Certificates, which must be dated 1st November 1940 and onwards in time for clearance of the Japanese cotton piecegoods, may furnish us full particulars of the Certificates concerned, and at their expense we cable our Head Office in Japan for confirmation and instructions for issuing the Duplicate Certificates.

We further beg to inform you that under no circumstances can a Duplicate Certificate be issued from here in the absence of any instructions from our Head Office.

As regards your suggestion about issuing Duplicates together with the Originals, it does not appear feasible, as this practice will lead to a lot of confusion.

APPENDIX 87

Restriction on import of Cashewnuts from Portuguese East Africa.

Letter No. 1636, dated 18th July 1940, from Chamber to Commerce Department, Government of India.

By Government Notification in the Commerce Department, dated 20th May 1940, No. I.T.C./40, the Government of India introduced a system of control by licence over the imports of many classes of goods covering 68 items in the

Tariff Schedule. Imports of the articles mentioned in the schedule from any places beyond British India were either prohibited or were to be permitted under conditions stipulated in the said notification. Item 2 of the schedule specifies fruits, all sorts, fresh, dried, salted or preserved, corresponding to item No. 8 in the Import Tariff Schedule. Cashew or cajoo kernels, not skinned, come within the classification under the head 'Fruits', with the result that imports of the same into British India from any countries outside the Empire are prohibited, except under licence.

There are certain special features connected with the trade in cashewnuts, which have their importance in examining the effect of the prohibition or control of imports of cashewnuts. India imports cashewnuts of the value of over Rs. 24 lakhs (1937-38) of which Rs. 18 lakhs worth is from Portuguese East Africa. These nuts so imported are then roasted in this country, skinned, graded, dried, peeled and packed in tins and cases for being exported mainly to U.S.A. All these processes are carried out within the country and provide employment to a good number of people here. The prices offered for the finished kernels by American buyers are substantially higher than the prices at which the nuts are imported, and there is thus retained a good profit from the above entrepot trade. As a matter of fact, our total exports to U.S.A. in cashew kernels are to the value of over Rs. 1 crore.

If as a result of the prohibition under the control scheme imports of cashewnuts from Portuguese East Africa are stopped, the export trade in cashew kernels to U.S.A. will, to that extent, be diminished and will, as a consequence, deprive the country of all the profits and also the advantages to Indian labour in the ancillary processes above referred to. It is pertinent, in this connection, to point out that the object of conserving the foreign currency resources of the country, which was one of the main considerations which weighed with Government in introducing the control scheme, will also not be impaired, if the prohibition of imports of cashewnuts from Portuguese East Africa is lifted, as the corresponding

exports to U.S.A. will make available to the country Dollar resources of an increased value.

My Committee, therefore, suggest that the restriction on the imports of cashewnuts from Portuguese East Africa or other countries outside the Empire be removed by the issue of an Open General Licence on the lines of Licence No. VI issued by Government, Commerce Department, Notification No. VI, I.T.C./40, dated 22nd June 1940, permitting the imports of all fruits covered by item No. 2 in the schedule, including cashewnuts from Iraq, Muscat, Bahrein, Quwait and Tracial Sheikhdoms. My Committee hope that the Government of India will be pleased to give this matter their sympathetic consideration.

Letter No. 66-C.W.(41)|40, *dated* 30*th July* 1940, *from the Deputy Secretary to the Government of India to Chamber.*

With reference to your letter No. 1636, dated the 18th July 1940, I am directed to say that the Government of India regret their inability to issue an Open General Licence for the import of cashewnuts from Portuguese East Africa or other countries outside the British Empire. I am however to add that the restriction on the imports of cashewnuts from Portuguese East Africa is far short of a total embargo. The members of your Chamber interested in this trade would be well advised to apply to the Import Trade Controller of the Port concerned for the necessary import licence and see how far their trade in this article from Portuguese East Africa has been affected by the Import Trade Control Scheme.

APPENDIX 88

Import of Sugar from Netherlands East Indies.

Letter No. 1876, *dated* 16*th August* 1940, *from Chamber to Commerce Department, Government of India.*

The attention of the Committee of this Chamber has been drawn to the Press Note dated 1st August 1940, issued by Government announcing their decision to issue Open General

Licences for the importation from the Netherlands East Indies of sugar upto a maximum of 35,000 tons during the current financial year. My Committee are surprised that Government should have taken such a decision without consulting the commercial bodies in the matter.

The sugar industry in this country is passing through a critical stage. There is a large stock of sugar which is being carried over from year to year, and the industry has not been successful in its attempts to dispose off the said stocks. Even the recent attempts to sell and export sugar to U. K. at a reduced price have proved abortive. At such a time, it was of paramount importance that at least the home market should be exclusively reserved and made available for the indigenous product.

APPENDIX 89

Imports of Piecegoods and Yarn from China.

Letter No. 946, dated 24th April 1940, from Chamber to Commerce Department, Government of India.

I am directed by my Committee to address Government in regard to the necessity of taking steps to limit imports of cotton piecegoods and yarn from China into this country.

In this connection, it may be recalled that in their letter No. 1448, dated 14th June 1939, my Committee had, while conveying their views to Government on the revision of the Indo-Japanese Trade Convention and Protocol, drawn the attention of Government to certain aspects of the question that deserved consideration by virtue of the control which Japan had acquired over portions of China as also Manchukuo. They had pointed out the necessity for treating imports from such territory as coming within the quota that might be prescribed under the Agreement, as otherwise the provisions of the Agreement could be easily circumvented and Japanese goods could be imported into this country in increased quantities without in any way affecting the quota that might be prescribed under the Protocol.

Subsequent developments have confirmed the fears underlying the above suggestion for a safeguard. Figures of imports of piecegoods from China, particularly the printed variety, have considerably increased in recent months. Thus during the first ten months of the financial year 1939-40, imports from China have gone up to 2.6 million yards. Since 1935-36 to 1938-39 imports to piecegoods from that country were almost negligible. There has also been a large increase in the imports of cotton yarn from China during the last few months. The sudden spurt given to that trade is, therefore, significant and reinforces the claim of my Committee for giving particular attention to this aspect in the future Indo-Japanese Trade Protocol and for providing a quantitative limitation for such imports.

It is pertinent to point out that the majority of cotton mills located in China are under the effective control and management of Japanese interests and as such it would be proper and relevant to consider the question of the position of imports of yarn and piecegoods from China in relation to the quotas that may be ultimately allowed to Japan under the Indo-Japanese Trade Convention and Protocol. Pending such arrangement for the future, it is necessary to take immediate steps for imposing a limitation on imports both of cotton yarn and piecegoods from China into India.

My Committee have seen a copy of a representation submitted by the Bombay Millowners' Association dated 15th April 1940, on this subject and the case presented therein has their general support.

My Committee hope that the Government of India will be pleased to take early action in the matter and prevent any mischief being done to the Indian textile industry from this new source of competition.

APPENDIX 90

Constitution of the Export Advisory Council.

Telegram dated 22nd May 1940, from Chamber to Commerce Department, Government of India.

Committee Indian Merchants' Chamber regret to find that in the proposed Export Advisory Council no representation has been given to this Chamber. Having regard to the Chamber's position as one of the premier and oldest Indian Chambers and having regard to its importance as the most representative institution of the kind in Western India it is very essential that a separate seat should be provided for the Chamber on the Council. It will be pertinent to point out that this Chamber has affiliated to it thirty-three Commercial Associations representing different trades such as grain, seeds, rice, etcetera and has a membership of 640. Moreover, Bombay is the largest exporting centre. It will therefore be unfair if such a representative institution is not allowed to have a representative of its own on the Council. Committee request that the Government of India will be pleased to allot a seat to the Indian Merchants' Chamber.

APPENDIX 91

Exports to Neutral Countries.

Telegram dated 2nd April 1940 from Chamber to Commerce Department, Government of India.

The announcement about the decision of Government to ban exports of oil-seeds such as linseed, castor seed and rape seed from India to all neutral countries both in and outside Europe is viewed with grave concern by Indian exporters. While representations are being made to Government for taking active steps to stimulate exports of Indian raw products such a step by Government has come as a surprise and shock. Prohibition of exports has already had the immediate effect of depressing prices. Merchants concerned

will be put to serious loss in respect of contracts entered purchases already made exchange arranged and forward freight space booked. The application of the ban even to consignments licences for the export of which were granted is extremely unfair and unprecedented. Committee Indian Merchants' Chamber therefore request Government to be pleased to reconsider the matter and while taking such precautions as may be necessary to prevent such exports reaching enemy country to make arrangements for the continuance of normal export trade with neutral countries. If Government consider such a ban inevitable in the interests of the successful prosecution of war a possible solution would be that Government should on behalf of His Majesty's Government purchase at contract prices seeds already sold and at fair prices existing stocks and supplies of all such oil-seeds.

Letter No. 869, dated 12th April 1940, from Chamber to Commerce Department, Government of India.

Immediately after the announcement of the decision of the Government of India to ban exports of oil-seeds such as linseed, castor seed and rape seed from India to all neutral ports, both in and outside Europe, the Committee of my Chamber sent to Government a telegram on the 2nd April 1940, drawing their attention to the likely consequences and repercussions of the step. Government, however, were good enough to issue a communique on 3rd April explaining their action and pointing out that the prohibition in question was not intended to lower prices and that the Government of India had received certain assurances as regards the provision of shipping and the prices to be paid for these seeds by His Majesty's Government. Government also added that these assurances were the subject of advanced examination and discussion with His Majesty's Government and fuller particulars would be published as soon as practicable. The commercial community are now awaiting with interest the publication of these details.

My Committee acknowledge that the reassurance contained in the above statement had a salutary effect on the markets

concerned and contributed to arrest a further declension in prices. At the same time, it must, however, be pointed out that even the assurance in question did not help to restore full confidence as will be evidenced from the fact that the Indian linseed prices are still lower in parity to Argentine prices. My Committee suggest that in future whenever Government take any important steps affecting Indian export trade, the scope and object thereof should be simultaneously announced and explained as otherwise by the stress of immediate reactions on the market considerable harm is likely to be done to the trades in question. The utility of such explanatory statements in allaying ill-informed reactions and preventing unwarranted conclusions is indicated by the effect produced by the communique issued by Government on 3rd April on the markets concerned.

It is pertinent in this connection to point out that while on the one hand Government were anxious to assure the commercial community that the step taken by them in prohibiting exports of oil-seeds to neutral countries was not intended to lower prices of such seeds, on the other hand on almost the same date His Majesty's Government, reduced the buying limit for castor seed by five shillings. This reduction, it is suggested, would not have been possible but for the decline in Indian prices in consequence of the ban. My Committee wish to emphasise that in all such matters, it is a factor of extreme importance that the Government of India should see that as far as possible no adverse effects take place on the prices of the commodities as a result of such action.

My Committee welcome the announcement made by the Hon'ble the Commerce Member in the Council of State on 3rd April regarding the proposal for the establishment of an Export Advisory Board and they are awaiting full details of Government's intentions in this regard. In the cryptic message which was published in the press, it was announced that such a Board would include representatives of shippers and agriculturists. The mention of these interests were, my Committee believe, intended only to be illustrative and they hope

that it is the intention of Government to give adequate representation to commercial and trade interests on the proposed body. They wish further to suggest that in order that the machinery of the same may be useful in achieving the object in view, ancillary bodies should be constituted at all the important major port centres so that the requirements of export trade at such centres may be fully considered and suggestions and proposals placed before Government in connection therewith. On more than one occasion the Committee of this Chamber had drawn the attention of Government to the time factor in dealing with matters and difficulties connected with the export trade. Thus in regard to the licensing scheme in force now, the Committee had suggested the necessity for creating a machinery at the different port centres to deal with applications for licences and similar other matters so as to obviate the inevitable delay in having at all times to depend on instructions or wait for decisions from headquarters. In the matter of the proposed Export Council also a central body situated at Delhi would in effect be divorced from the day to day developments and requirements at the exporting ends and would be very much handicapped in giving expeditious attention to matters that may crop up from time to time. It is to meet such difficulties in practical working that my Committee are on this occasion also reiterating the desirability of having branch Advisory Boards at the major port centres.

The importance of preserving and developing Indian export trade during this juncture and of India getting a fair price for exports cannot be stressed too strongly. My Committee hope that the proposed body will after full consultation with commercial interests tender advice to Government regarding the formulation of a policy which will achieve the above objective.

It was recently announced that His Majesty's Government had formed a trading company called the English Commercial Corporation for the purpose of developing trade with

neutral countries. My Committee will be obliged if Government will be pleased to let them know the functions of this body.

APPENDIX 92

India's Export Trade in Cotton Yarn and Piecegoods with Egypt.

Letter dated 18th June 1940 from Chamber to Commerce Department, Government of India.

I am directed to refer to this office letter No. 1478 of the 16th May 1938, drawing the attention of Government to the likely effects of the step taken by the Egyptian authorities in increasing the import duties leviable on cotton piecegoods and cotton yarn and urging the necessity for timely negotiations with the Government of Egypt with a view to securing to the products of the textile industry of this country an adequate market in Egypt. The fears expressed by my Committee then are borne out by subsequent developments and Indian exports in textile goods to Egypt have declined considerably. Thus, while in the year 1937-38 India exported to that country 23,467,000 yards of cotton piecegoods, valued at Rs. 40,43,000, the corresponding figures for the year 1938-39 have been reduced to 3,076,000 yards and Rs. 4,96,000 and for the ten months in 1939-40 to 1,589,000 yards and Rs. 2,54,000. Similarly in regard to Indian yarn, while India exported in 1937-38 goods worth Rs. 6,25,000, in 1938-39 the figures dwindled to Rs. 1,49,000 and for the ten months 1939-40 to Rs. 1,62,000. The loss in trade, therefore, has been very substantial. At a time when the need for an adequate and expanding market for the products of the textile industry of the country is emphasised and engaging the attention of all concerned, the position resulting from the above loss of market is a matter of which serious notice should be taken.

The case for an increased share in the import trade of Egypt for India is made irresistible by the balance of trade

position. Egypt has a large favourable balance of trade with India and this favourable position has been further advanced by the fall in imports of Indian textile goods. Moreover, India is an important customer for Egyptian cotton and imports of the same have been increasing steadily.

My Committee would like to know if the Government of India had taken this matter up with the Egyptian Government immediately after the duties were increased in 1938; if so, what the reply of the Egyptian authorities was. In any case, in view of the heavy fall in the export trade, as indicated by the figures above referred to, it is necessary that the Government of India should now pursue the matter vigorously with the Egyptian authorities and bring about a reduction in the rates of duties in question with a view to affording adequates and fair opportunities for Indian exporters in textile goods to that country.

In this connection, my Committee have seen a copy of a representation dated 29th April 1940 addressed by the Mill-owners' Association, Bombay, to the Government of India and they are in general agreement with the views put forward therein.

APPENDIX 93

Cargo on Italian and German Vessels in Neutral Ports.

Telegram dated 17th June 1940 from Chamber to Commerce Department, Government of India.

Goods already paid for by Indians in Italian steamer "Anfora" now in Goa. Also similar consignments belonging to Indians in German boats in Goa since September. Request expedite Government action for releasing these required for public also Government use. Kindly wire latest position and information.

Letter No. 1580, *dated* 15*th July* 1940, *from Chamber to Commerce Department, Government of India.*

On the 17th June 1940 I sent to you the following telegram regarding goods on enemy ships :

> "Goods already paid for by Indians in Italian steamer 'Anfora' now in Goa. Also similar consignments belonging to Indians in German boats in Goa since September. Request expedite Government action for releasing these required for public also Government use. Kindly wire latest position and information.
>
> Inchambu."

My Committee request that the Government of India will be good enough to send a detailed reply explaining the position in full in order that the merchants concerned may know as to how they stand in the matter.

Letter No. 135-*M.I.W.*(48)|40, *dated* 19*th August* 1940, *from Commerce Department, Government of India to Chamber.*

With reference to the correspondence ending with your letter No. 1580, dated the 15th July 1940, on the above subject, I am directed to state that in present conditions the Government of India cannot permit any negotiations to be instituted by cargo owners for the recovery of their goods on Italian vessels which have taken refuge in neutral ports, as it is understood that arrangements are being made for the recovery of the whole of such cargoes by one central body through whom all owners of cargo can act.

A further communication on this matter will be sent to you in due course.

Letter No. 2056, *dated* 12*th September* 1940, *from Chamber to Commerce Department, Government of India.*

I am directed to acknowledge receipt of your letter No. 135-M.I.W.(48)|40, dated 19th August 1940. It is stated in your letter that arrangements are being made for the recovery of the whole of such cargoes by one central body

through whom all owners of cargo can act. Similar arrangements were contemplated with regard to goods on German vessels lying in neutral ports, and it was understood that the London Chamber of Commerce would arrange to get all such cargoes on German vessels in neutral ports for the cargo owners. Unfortunately it was not possible to get the arrangement carried out for cargoes on all the vessels, and my Committee are afraid that several cargo owners have not still received their cargoes. They, therefore, beg to suggest that instead of arrangements being assigned to the London Chamber of Commerce or some central body there, the work may well be entrusted to a Central Body in this country, who may be in immediate touch with the cargo owners here. It is specially desirable that this arrangement may be made with regard particularly to neutral ports in this country like Marmugoa.

APPENDIX 94

Debts due to Enemies.

Letter No. 2020, *dated 3rd September* 1940, *from Chamber to Commerce Department, Government of India.*

Government have already announced that claims of enemies for payment of goods which have not reached this country are enforceable against the importers in India. In this connection, my Committee would like to know if Government have examined the question of the position of such Indian buyers for compensation :

(1) in case of ultimate non-delivery of goods ;
(2) for deterioration of the quality ; and
(3) lapsing of insurance on any of the risks covered by the respective policies.

These aspects of the matter will have to be fully considered and the position of the Indian importer in regard to the same explained before the question of ultimate recovery

of such claims and the disposal of the proceeds is finally decided.

Payment due from Enemies.—While payments due to enemies are thus to be recovered by Government, my Committee would like to know what arrangements have been made for registering claims due to Indians by enemies. Some indication as to the proposals of Government regarding the ultimate method of settling such claims is also necessary. As there is considerable apprehension in public mind regarding such claims, it is requested that Government will be pleased to issue an explanatory note on the subject.

Letter No. 57 (13)-*Tr.* (*W*) |40, *dated* 13*th November* 1940, *from Commerce Department, Government of India to Chamber.*

I am directed to refer to your letter No. 2020, dated the 3rd September 1940, on the above subject and to say that the points mentioned therein have been noted for consideration by the Government of India.

2. I am to add that claims of Indian Nationals against enemies abroad should be registered with the Director-General of Commercial Intelligence and Statistics, Calcutta, in accordance with the Press Note of the 30th November 1939.

APPENDIX 95

Claim of Messrs. Swastik Oil Mills, Ltd., regarding Consignment to Hong Kong.

Letter No. 2154, *dated* 21*st September* 1940, *from Chamber to Commerce Department, Government of India.*

I am directed by my Committee to send to you herewith a copy* of a letter which they have received from Messrs. Swastik Oil Mills, Ltd., a member of the Chamber, in respect of a consignment of Castor Oil, shipped to Hong Kong on account of an enemy subject. The facts of the case, briefly stated, are as under :—

*Not printed.

Just before the outbreak of war, Messrs. Swastik Oil Mills Co., shipped 12 cases and 5 drums of Castor Oil to Hong Kong, on account of Messrs. Markt & Co. of Hamburg. As subsequently war broke out, and as it was not possible to get payment for the goods in question, the Company got into touch through His Majesty's Trade Commissioner here, with the Commercial Secretary, British Embassy Office, Shanghai, with a request that their interests in respect of the consignment should be protected. Subsequently, they were informed that the liquidators of the assets of Messrs. Markt & Co., had realised the sale proceeds of the consignment and turned them over to the Custodian of Enemy Property, thus treating the goods to be the property of Messrs. Markt & Co., an enemy firm.

The Swastik Oil Mills, Co., now point out that as they had not received payment against the shipment in question, the ownership of the cargo vested in them and had not passed to Messrs. Markt & Co., and as such, the action taken by the liquidator at Hong Kong in treating the same as enemy property, was not justified.

My Committee feel that having regard to the fact that the goods were not paid for, there was no justification for the liquidators at Hong Kong to treat the same as the property of Messrs. Markt & Co., and to turn over the sale proceeds to the Custodian of Enemy Property. The cargo in question must be deemed the property of the Swastik Oil Mills, Ltd., and the sale proceeds of the same should be passed on to them. It is, therefore, requested that the Government of India will be pleased to intercede in the matter with a view to the Custodian of Enemy Property in Shanghai being apprised of the correct position and with a view to the amount of the sale proceeds being remitted to the Company in Bombay.

Letter No. 77 (1)-Tr. (W) 40, dated 13th November 1940, from Commerce Department, Government of India, to Chamber.

With reference to your letter No. 2154, dated the 21st September 1940, on the above subject, I am directed to say

that the Government of India regret that they cannot interfere in the matter. It is, however, suggested that Messrs. Swastik Oil Mills, Ltd., may be asked to register their claim with the Director-General of Commercial Intelligence and Statistics in accordance with the Press Note of the 30th November 1939, a copy of which is enclosed for your ready reference.*

Letter No. 2706, dated 2nd December 1940, from Chamber to Commerce Department, Government of India.

I am directed by my Committee to acknowledge receipt of your letter No. 77(1)-Tr(W)|40 of the 13th November 1940 on the above subject. Government have, in reply, advised that the party in question should be asked to register their claim with the Director-General of Commercial Intelligence and Statistics, Calcutta, in accordance with the Press Note dated 30th November 1939 issued by Government. The Press Note in question is in respect of claims due from enemies or nationals of countries now controlled by enemies. My Committee beg to point out that the claim of Messrs. Swastik Oil Mills, Ltd., under reference, does not fall under that category. It is not a claim against an enemy subject.

In order to make this aspect of the matter clear beyond doubt, my Committee would like to recapitulate the facts of the case. Just before the outbreak of the war, the Swastik Oil Mills, shipped 12 cases and 5 drums of Castor Oil to Hong Kong on account of Messrs. Markt & Co. However, the shipment was consigned in the name of the Mills and the relative draft which was drawn on D|P terms remained unpaid on account of the outbreak of the war. The Mills, therefore, put themselves into communication, through His Majesty's Trade Commissioner here, with the Commercial Secretary at Hong Kong with a request that their interests in respect of the consignment should be protected. A reply by cable from the Commercial Secretary at Hong Kong was received by the party advising them to accept the invoice amount for the consignment, and asking them to get into touch with Messrs. Percy Smith Seth and Fleming in Hong

*Not printed.

Kong in that connection. Through the Trade Commissioner in Bombay, the Mills had a cable sent on 16th January 1940 to the Commercial Secretary at Hong Kong intimating their agreement to his suggestion. They also put themselves into communication with Messrs. Percy Smith Seth and Fleming, Hong Kong, on 31st January 1940, on the basis of the suggestion by the Commercial Secretary in Hong Kong and presuming Messrs. Percy Smith Seth and Fleming as probable buyers, they agreed to accept the invoice amount in full settlement of their claim. Messrs. Percy Smith Seth and Fleming wrote the Mills in reply that they were acting as liquidators of Messrs. Markt & Co., and would turn over the proceeds to the Custodian of Enemy Property. The Mills protested, explaining their ownership of the cargo, against the procedure adopted by Messrs. Percy Smith Seth and Fleming.

It may further be pointed out that as Messrs. Markt & Co., have not made payment for the goods in question, the ownership of the cargo had not passed on to them, but continued to vest in the Swastik Oil Mills, Ltd. There was, under the circumstances, no justification or warrant for the liquidators at Hong Kong to treat the goods as the property of Messrs. Markt & Co., and thus turn the sale proceeds to the Custodian of Enemy Property. In fact, Messrs. Swastik Oil Mills were the rightful owners of the property at all material times, and the sale proceeds of the same should have been passed on to them.

In view of the position as explained above, my Committee request that the Government of India will be pleased to further consider the matter and to intercede on behalf of the Swastik Oil Mills with a view to the Custodian of Enemy Property being required to pass on the amount of the claim to the Mills.

Letter No. 25(1)-E.T.|40, dated 28th December 1940, from Commerce Department, to Chamber.

With reference to your letter No. 2706, dated the 2nd December 1940, on the above subject, I am directed to observe

that the Custodian of Enemy Property in Hong Kong must have considered the goods in question to be Enemy Property and that if the Company is not satisfied with that decision they should approach him in the matter.

APPENDIX 96

Liability for Payment of Goods not Delivered.

Letter No. 1635, dated 18th July 1940, from Chamber to Commerce Department, Government of India.

The attention of my Committee has been drawn to a Press Note issued by the Custodian of Enemy Property, Bombay, and published in the local press on 24th May 1940, explaining the legal liability in respect of documents covering goods which have not yet been delivered or which have not arrived in the country. A copy of the said Press Note is enclosed herewith for ready reference.*

The Custodian of Enemy Property points out that "if a draft has once been accepted by the drawees and valid documents have been tendered to them, the drawees are bound to pay the bill at maturity, whether the relative goods have arrived or not." The position taken up by the Custodian of Enemy Property, my Committee submit, is untenable. The trade practices referred to in the Press Note, in the matter of c.i.f. contracts, are those which operate in normal times and in normal circumstances. But when normal course of trade is prevented or made impossible by abnormal conditions arising out of the developments connected with the war, it is not fair to demand, in the name of law, payment of claims which do not stand to reason or which, to say the least, cannot in equity be justified. Even from the legal points of view the very basis of a claim or a debt in 'consideration' and if consideration is not received the debt cannot be enforced. In the case referred to in the Press Note, consideration for payment is the goods which have not arrived and perhaps which

* Not printed.

are not likely to arrive. Where, therefore, such consideration has not been received or is not likely to be received, it will be inequitable and unfair to insist that payment should be made merely because the covering document or bills may have been accepted.

Many importers in the country are already undergoing serious inconvenience and in many cases stand to loss considerably on account of their goods on enemy steamers lying abroad and in various neutral ports. In some cases part payment may already have been made to the original owners of the cargo. On the top of this it will be extremely unfair if Government, through the Custodian of Enemy Property, were to start proceedings against such importers for payment in respect of such goods which they are perhaps never likely to receive, on the strength of a technical obligation under a document which was passed under entirely different circumstances.

My Committee, therefore, suggest that the Government of India should make it clear that they do not propose to enforce payment in respect of goods from enemy sources which have not arrived in the country.

Letter No. 57(13)-Tr.(W)|40, dated 5th August 1940, from Commerce Department, Government of India to Chamber.

With reference to your letter No. 1635, dated the 18th July 1940, on the above subject, I am directed to say that the Government of India consider that the legal position as stated in the Custodian of Enemy Property's Communique of the 23rd May 1940 is substantially correct. I am, however, to add that in practice the recovery of claims of enemies for payment of goods in enemy ships which have not reached this country will be limited to those cases in respect of which there is no substantial dispute on the merits or under the law, or secondly, which, if not enforced by legal proceedings immediately, will leave the enemies after peace is concluded without any legal remedy. A decision as to the necessity for legal proceed-

ings in any particular case will depend upon the facts and circumstances of that case and, before having recourse to legal proceedings, due regard will be paid by the Custodian to the considerations advanced by your Chamber in so far as the same are consistent with the preservation of enemy property in contemplation of arrangements to be made at the conclusion of peace.

Letter No. 1895, dated 19th August 1940, from Chamber to Commerce Department, Government of India.

I am directed to acknowledge receipt of your letter No. 57(13)-Tr.(W)|40, of the 5th August 1940, on the above subject.

While my Committee appreciate the decision of the Government to limit the recovery of claims to those cases in respect of which there is no substantial dispute on the merits or under the law or in cases in which if recovery is not enforced by legal proceedings immediately, enemies, after peace is concluded, will be left without any legal remedy, they are still of the opinion that the position enunciated by Government is far from happy as far as Indian merchants and importers are concerned. Government are expressing their solicitude to preserve unimpaired the rights of the enemy to recover such claims when peace is restored ; my Committee respectfully submit that it is equally the duty of Government to show the same, if not greater, solicitude to see that the rights of Indian merchants in respect of the transactions covered by the said claims are also equally protected.

The issue raised by my Committee in their letter of the 18th July 1940, was mainly in respect of claims in relation to goods which have not been delivered in the country or which have been stranded in enemy ships. While on the one hand Government are anxious to protect the legal rights of the claimants, Government on the other hand, should show equal anxiety to protect the interests of those merchants who are forced to pay the claim through the process of law. The amount of the claim is the consideration for the goods covered

by the documents in question. The payment, therefore, should on no account be passed on until Government satisfy themselves that ultimately the goods are restored to the merchants concerned. If Government consider that it is necessary to collect these claims at this stage, my Committee suggest that the amounts in question be at least held in deposit by Government with the strict understanding, that in cases where ultimately it is found that the goods cannot be restored to the merchants, and in cases where the goods due to the efflux of time, had so deteriorated as to be of no use for the purpose for which they were intended, the payments made would be refunded. In short, if it is only a question of protecting the legal rights of the enemy, the legitimate rights of Indian merchants should also be fully borne in mind.

My Committee hope that the Government of India, will be pleased to consider the matter once again and announce, for the information of those affected, that such payments when made would be deemed to be in the nature of a deposit and they would be disposed of only after full enquiry and consideration had been given to the rights of the Indian merchants in respect of the goods covered by the payments in question.

APPENDIX 97

Delivery of Consignments on Board Enemy Ships.

Letter No. 2285, dated 8th October 1940, from Chamber to Commerce Department, Government of India.

The attention of my Committee of this Chamber has been drawn to the following complaint of Messrs. A. Sheth & Co., Baroda. Messrs. Sheth & Co. had consigned to them on board s.s. "Geierfels", an enemy ship, 20 cases of Electric meters. On declaration of war, the steamer took refuge in the port of Naples. The Government of India had also announced the procedure to be followed in respect of recovery of goods on enemy ships. In the meanwhile the consignors

at the other end, who was a Belgian firm, through their own efforts, transhipped the goods in question from the enemy steamer and the goods were landed in Bombay early in May. The Government of India by a Notification dated 3rd January had announced that any goods which formed part of a cargo of an enemy ship which had at any time taken refuge in a neutral port should not be imported without a permit on this behalf by the Central Government.

On 30th May, Messrs. Sheth & Co., addressed a letter to the Government of India asking for being permitted to take release of the goods in question. They have not as yet received any reply to the same. On 23rd July, the Controller of Enemy Trading announced that the goods in question would be confiscated as the importers had not secured the permit necessary under the Government of India Notification. The party again approached both the Government of India and the Controller of Enemy Trading for allowing them to take delivery of the cargo and requesting that the goods should not be confiscated.

The Customs authorities have, in the meanwhile, called upon Messrs. Sheth & Co. to show cause why action should not be taken against them under Section 167 of the Sea Customs Act, viz., importing restricted or prohibited goods.

These are the facts of the case as my Committee are informed. It appears to them that the Government of India are not treating the Indian commercial community so as to help them out of difficulties but are putting all sorts of obstructions in their path. They do not take their word as of an honourable businessman, but always look towards them with suspicion to the extent that they are not satisfied only with the confiscation of their goods but wish to prosecute them. My Committee have been informing Government, time after time, of cases wherein Indian exporters or importers have been put to a good deal of inconvenience. My Committee, therefore, submit and urge that an Advisory Committee of businessmen should be appointed to deal with cases

of hardship caused to Indian commercial community due to war which will be helpful for Government to arrive at a fair decision.

APPENDIX 98

Enemy-owned Trade Marks and Patents.

Letter No. 1067-A, dated 8th May 1940, from Chamber to Secretary, Commerce Department, Government of India.

It was recently announced that trade marks registered and owned by persons who are nationals of countries at present in war with His Majesty's Government would be deemed to be vested in the Controller of Enemy Property. In this connection, my Committee would like to know if it is the intention of Government to consider the question of transferring or assigning the rights under such trade marks to other parties within the country.

If any such step is under contemplation, my Committee would like to submit that it is likely to have undesirable consequences. With the general public, particular trade marks are associated with either a particular country of origin or a particular standard of quality, and when such trade marks are allowed to be used by third parties, the unwary purchaser, who may not be aware of the change in the ownership of such trade marks, may be led to believe that he is buying goods of the quality and origin which the trade marks in question represented in the past. Such an impression would enable cheaper and second-rate quality goods, by virtue of the reputation that particular trade marks might be enjoying in the markets, being palmed off as goods of superior quality and as purporting to be the production of the original manufacturers with whom the trade marks are associated.

My Committee understand that during the last war, the rights under these trade marks were assigned or transferred to third parties, with the result that the marks were kept alive and goods manufactured elsewhere by other parties used

to be sold under the said marks. On the termination of the war, however, the rights under the marks in question reverted back to the original owners. Thus notwithstanding the long interval of over four years, the said marks continued to be in currency and in active use, and the original owners thereof did not suffer any undue interruption by the forced withdrawal of their products from the markets here during the period of the war.

My Committee are of opinion that Government avoid chances of any such developments during the present occasion and should not assign or transfer, either temporarily or on a permanent basis, the rights under any trade mark owned by the subjects of an enemy country.

Letter No. 404-Ind. (4)|40, dated 17th June 1940, from the Secretary, Commerce Department, Government of India to Chamber.

With reference to your letter No. 1667, dated the 8th May 1940, I am directed to inform you that it is not the intention of the Government to terminate or confiscate trade mark rights of enemy subjects, and that these rights have merely been suspended during the duration of the war. Trade mark rights of enemy subjects have become vested in the Custodian of Enemy Property in British India and the question of transferring or assigning such rights to other parties within the country does not ordinarily arise. As these trade marks are unregistered trade marks their assignment or transmission can be valid under the existing law only if accompanied by a transfer of the goodwill of the business in which the marks have been used.

An exception to the above rule is contained, however, in sub-rule 9 of Rule 84-B of the Defence of India Rules, which provides that the licensee who is granted a licence under that Rule "may, subject to such conditions as may be imposed by the Central Government, adopt the name used by the patentee for describing or denoting the article or substance manufactured under the patent." The power to grant licences

under the above Rule including the power to grant permission to use the aforesaid name, has been delegated by the Central Government to the Controller of Patents and Designs, Patent Office, Calcutta.

APPENDIX 99

Publication of Import and Export Statistics.

Letter No. 1688, dated 25th July 1940, from Chamber to the Secretary, Central Board of Revenue, Government of India.

The Government of India issued some time back instructions to the effect that there was to be a curtailment of the publication of import-export statistics, to prevent any important information reaching the enemies. Following this, by order of the Collector of Customs, Bombay, the Bombay Chamber of Commerce discontinued the supply of information regarding figures of foreign trade. They also stopped issues of all statistical returns. Later on, however, it appears that under orders of the Central Board of Revenue, that Chamber was allowed to resume circulation of the returns subject to the restrictions imposed. It was emphasised, however, that the information was to be made available only to members of that Chamber and that it was regarded as confidential and not meant for disclosure to the public. This has led to the Bombay Chamber supplying the information only to its members and not, as hitherto, to all those who were subscribers to its publications. My Committee consider that the result of the original instructions of the Central Board of Revenue has thus proved to be discriminatory in character. While reserving their remarks with regard to the supply of information from the Customs Department to a particular organisation, my Committee consider that as long as the Bombay Chamber was supplying information both to its members and its subscribers, whoever they might be, there was no discrimination. As soon, however, as that Chamber

is restricted to supply the information to its members only, there comes in diescrimination, which should not be supported by Government. If it gives the information also to subscribers, who are not its members, one can understand its charging these non-members a particular subscription to cover the cost of collecting the information. This question involves issues of a vital principle, and my Committee hope that the Central Board of Revenue will be pleased to consider the question in all its aspects, and either restore the privilege of non-members of that Chamber to get the information on payment or stopping the information from going even to its members.

Letter No. C. 242-Cus. 11|40, dated 30th August 1940, from the Secretary, Central Board of Revenue, Government of India to Chamber.

I am directed to refer to your letter No. 1688, dated the 25th July 1940, and to state that instructions have already been issued to the Collector of Customs, Bombay, to withdraw the restrictions imposed by him against the supply of statistical information by the Bombay Chamber of Commerce to its subscribers.

APPENDIX 100

Facilities for the Public in the Custom House.*

Letter No. C. 1141|39, dated 4th June 1940, from the Collector of Customs, Bombay, to Chamber.

I have the honour to refer to your letter No. 2314, dated 1st September 1939, on the above subject and to state that arrangements are being made for the provision of two writing desks in the Central Hall on the ground floor of this Custom House and that the Bombay Telephone Company is considering the question of installing a second public telephone booth on the ground floor of the Custom House Building.

*For previous correspondence see report for 1939 p. 253.

Letter No. C. 1141|39, dated 31st July 1940, from Collector of Customs, Bombay, to Chamber.

In continuation of my letter C. No. 1141|39, dated 4th June 1940, on the above subject, I have the honour to state that two writing desks have been provided in the Central Hall on the ground floor of this Custom House.

2. The Secretary and Chief Engineer of the Bombay Telephone Company has informed me that observations made by his Department show that an additional public telephone in the Custom House is not necessary.

APPENDIX 101

Non-acknowledgment of Letters sent to the Customs.

Letter No. 217, dated 20th March 1940, from Chamber to the Collector of Customs, Bombay.

The Committee of this Chamber have received a complaint from some of their members that letters addressed by them to your Department are not acknowledged, and that they have been informed that "in future no such acknowledgments would be given and no reminders would be entertained." The Customs Department comes into daily touch with the business community and businessmen have to write several times to the Department on one ground or the other. The courtesy of an acknowledgment is but due to the business people, and so far as the experience of my Committee goes no other department of the Government of India or of any local Government refuses to acknowledge letters addressed to it. Under the circumstances, I am directed by my Committee to approach you with a request that you will be kind enough to let me know if any such instructions have been issued by you to the staff, and if so what are the reasons for such instructions. If no such instructions have been issued, you will be kind enough to instruct your staff to acknowledge letters addressed to the Department, and if any such instructions have been issued by you, you will be pleased hence-

forward to cancel such instructions, and adopt the general practice in vogue everywhere, viz. to acknowledge letters addressed to your Department.

Letter No. C. 564|40, dated 13th April 1940, from the Collector of Customs, Bombay, to Chamber.

I have the honour to refer to your letter No. 217, dated 20th March 1940 on the above subject.

2. The usual practice in the various departments of this Custom House is to acknowledge the letters delivered by hand in the Peon Book presented for the purpose.

3. All communications received are generally dealt with as expeditiously as possible. If it is seen that disposal of the letter is likely to take longer than originally expected or if a reminder is received, an intimation that the matter is receiving attention is invariably sent to the party concerned.

4. It is rather difficult to investigate a complaint of a general nature. If you can give particulars of any specific cases of the kind referred to by you, I shall be glad to investigate the matter further and to do what is possible in the matter.

5. Letters and communications intended for a department of this Custom House will reach that department earlier and can be dealt with more expeditiously if they are addressed to the Assistant Collector in charge of the department concerned.

Letter No. 965, dated 26th April 1940, from Chamber to the Collector of Customs, Bombay.

I have received your letter C. No. 564|40, dated the 13th April 1940, on the above subject.

I am glad to note that it is the invariable practice in the various Departments of the Custom House to acknowledge letters and to deal with them expeditiously and in cases where disposal of the subject matter of the letter takes a longer time, at least to send, in the meanwhile, a formal acknowledgment.

My letter No. 217 of the 20th March 1940 was occasioned by a particular case in which the Customs Department specifically stated that "in future no such acknowledgments will be given and that reminders on that account will not be entertained." This statement occurs in the correspondence between your office and Messrs. J. B. Advani & Co., Ltd., members of this Chamber, and your office reference No. of this communication is S. No. 5-427B-28B|40-A, dated 27th February 1940, signed by Mr. G. V. Padgaokar, Assistant Collector of Customs, Appraising Department.

Letter No. C. 564|40, *dated 18th May* 1940, *from the Collector of Customs, Bombay, to Chamber.*

With reference to your above cited letter I have the honour to state that on enquiry into the specific case cited in that letter, I find the facts to have been as under :—

2. Messrs. J. B. Advani and Company imported 64 bales of writing paper ex s.s. "Tarn" but as they had not received the documents, they applied on 6th February 1940 under the proviso to Section 29, Sea Customs Act (VIII of 1878), for permission to open and examine the bales and to ascertain the particulars of the contents. The application was granted but the ascertained particulars were not sufficient to enable them to declare the full particulars required. They therefore applied for clearance of the goods on payment of a provisional duty to be adjusted subsequently on receipt of full particulars and on this request being granted, cleared the goods on or about 13th February 1940 on payment of the amount decided. On 23rd February 1940 they furnished the documents which gave all the necessary information and requested adjustment of the amount paid provisionally. The Assistant Collector's letter in question S. No. 5-427B-28B|40A, dated 27th February 1940, was in reply to this letter.

3. I enclose copies* of the subsequent correspondence between the firm and the Custom House over the same subject. It appears that Messrs. J. B. Advani had the impression

*Not printed.

that a request for adjustment of a deposit stood on the same footing as a claim for actual duty (as opposed to deposit of money in lieu of duty) paid in excess and therefore was subject to the limitation period laid down in Section 40, Sea Customs Act. This impression was not correct and they were so informed by the Assistant Collector.

4. I trust that it will now be clear that the omission to send an acknowledgment in the case was due more to there being no real necessity for it, than to any other reason. The general practice at this Custom House is as stated in my letter dated 13th April 1940.

APPENDIX 102

Industries Conference — Constitution and Scope of

Letter No. 2130, dated 19th September 1940, from Chamber to the Federation of Indian Chambers of Commerce and Industry, New Delhi.

With reference to your letter No. F. 1972|148, of the 29th August, my Committee suggest that you will please ascertain from the Government of India if it will be competent for the Federation or its representative to bring forward or suggest new questions or proposals, including questions involving matters of policy, for inclusion in the Agenda of the above Conference. It is felt that in order to make the participation of the representative of the Federation effective in the Conference, either the Federation or its representative should have the right to bring any new items on the Agenda of the Conference. Please let me hear from you in the matter at an early date.

Letter No. F. 2324|148, dated 12th October 1940, from the Federation of Indian Chambers of Commerce and Industry, to Chamber.

With reference to your letter No. 2262 of the 5th instant, I am enclosing a copy of a communication which I received yesterday from the Commerce Department of the Govern-

ment of India, with regard to the inquiry made as regards the constitution and the scope of the Conference. I am not forwarding to you a copy of the proceedings of the First, Fifth and Tenth Industries Conference, as they may be available in your Library.

(*i*) Copy of a letter from the Commerce Department, Government of India, dated 11th October 1940, No. 141 Ind. (7)|40, to the Secretary, Federation of Indian Chambers of Commerce and Industry :

With reference to your letter No. F. 2202|148, dated the 28th September 1940, I am desired to state that the constitution and the scope of the Conference will be clear to you from the proceedings of the First, Fifth and Tenth Industries Conference copies of which I enclose. I should like to draw your special attention to the President's opening speech at the First Conference and to the speeches of His Excellency the Viceroy at the Fifth and Tenth Industries Conference. As you are aware, the constitution of the Conference was enlarged last year by the addition of representatives of the following associations :—

1. The Associated Chambers of Commerce of India, Calcutta.
2. The Federation of Indian Chambers of Commerce and Industry, New Delhi.
3. The Employers' Federation of India, Bombay.
4. All-India Organization of Industrial Employers, New Delhi.
5. The Bombay Millowners' Association, Bombay.

I am also enclosing a copy of a letter addressed to all Provincial Governments and to state that the Chairman of the Conference would be glad to receive any matter of importance within the scope of the Conference which your representative wishes to bring forward and to suggest that a concise memoranda thereon may be forwarded to this Department as soon as possible, but not later than the 1st of November 1940. Representatives of commercial organizations who have

been invited to the Conference will have the same freedom to take part in the discussions as the representaitves of the Provincial and State Governments. The agenda of the Conference will, following the usual practice, be settled by the Chairman. I trust that this will clarify all the issues which you have raised in your letter.

Copy of a letter from the Commerce Department, dated 27th August 1940, to all Provincial Governments :

I am directed to say that the Central Government propose to convene the Twelfth Industries Conference at Lucknow on the 16th and 17th December 1940. The Conference will be followed by the meetings of the Imperial Sericultural Committee and the Woollen Industry Committee on the afternoon of the 17th December. A Conference of Sericultural Experts will also be held on the 14th December 1940. The time and place of the meeting will be intimated to you later. They hope that it will be possible for the Honourable Minister or Adviser to the Governor in charge of Industries to attend the Industries Conference and would greatly appreciate his participation. They also trust that, as in previous years, the Director of Industries or other officer of corresponding status will be permitted to attend. The non-official organisations mentioned in this Department letter No. 141-S & I(13)|39, dated the 22nd November 1939, are also being invited to send a representative each to the Conference. In addition to the Honourable Minister or Adviser to the Governor and the Director of Industries, other officials may be included, if desired. As on previous occasions, the travelling and halting expenses of representatives will be met by the Government deputing them.

2. The subjects which the Central Government propose for discussion at the Conference are, as decided at present :—

(*i*) Board of Scientific and Industrial Research. (A statement will be made by the Chairman regarding the functions and activities of and the progress made in the field of research by the Board.)

(*ii*) Handloom Weaving Industry.

(*iii*) Matters arising out of the proceedings of the fifth session of the Industrial Research Council.

(*iv*) Minutes of the sixth meeting of the Imperial Sericultural Committee.

(*v*) Minutes of the fifth meeting of the Woollen Industry Committee.

Any further subjects which the Central Government may decide to include in the agenda hereafter will be communicated to the Provincial Government in due course.

3. I am to request that the Central Government may kindly be furnished with a report (in duplicate) on the operation of the provincial schemes in respect of which they pay a subsidy, not later than the 15th October 1940, to enable them to print and circulate it to the members of the Conference in advance. This is in addition to the one asked for in the Department letter No. 110-S & I(5)|39, dated the 12th June 1940.

4. The Central Government would also be prepared, so far as time permits, to place before the Conference such other matters of importance as the Provincial Governments may desire to bring forward. If the Provincial Government have any such matters to suggest I am to ask that concise memoranda thereon (in duplicate) may kindly be forwarded to this Department as soon as possible, but not later than 15th October 1940, so as to enable copies of the memoranda to be circulated in print to other Provincial Governments in advance. I am also to request that the names of the representatives who will attend the Conference may kindly be intimated to this Department at the same time.

*(5. I am to request that, if the Provincial Government have no objection, necessary arrangements may kindly be made in respect of accommodation, furniture, etc., for the

*(5. If any representatives at the Conference wish hotel accommodation booked for them the Secretary to the Government of the United Provinces, Industries Department, will give such assistance as he can if requests are addressed to him before the end of November 1940.)

meetings of the Conferences and the Committees from the 14th to 17th December 1940. Provision may also kindly be made for two rooms for the use of officers of this Department and one room for use as an office. These rooms should be as close as possible to the room selected for holding the Conference. The room for the office will be required a few days before the Conference meets. The number of members attending the Conference will probably be about 45, while the Sericultural and Woollen Industry Committees and Sericultural Experts' Conference will probably have not more than 25 members including advisers. The place of the meeting may kindly be intimated to this Department for communication to the Provincial Governments.

6. The other Provincial and State Governments concerned have been informed that if any representatives at the Conference wish hotel accommodation booked for them you will give such assistance as you can if requests are addressed to you before the end of November 1940).

Letter No. 2457, dated 26th October 1940, from Chamber to the Federation of Indian Chambers of Commerce and Industry.

I beg to acknowledge the receipt of your letters Nos. F. 2324|148 and F 2334|148 of the 12th and 15th instant, respectively, with enclosures, on the above subject.

My Committee have seen the subjects which the Central Government propose for discussion at the forthcoming 12th Industries Conference. It appears from this Agenda, that it would not be open to the representative of the Federation to take up the question of laying down a *well-advised plan of industrialisation*. It will be remembered that this was suggested in the letter of the Federation dated 2nd October 1939, No. F. 1835. It was not, however, included in the Agenda of the last Industries Conference; nor is it included in the Agenda of the forthcoming Industries Conference. My Committee feel that with this important question not being on the Agenda, it curtails to a great extent, the scope and extent of

the Conference. Indian industrialists are interested in such Conferences only in so far as they tend to laying down well-ordered plan of national industrialisation and conduce to the development of Indian industries. Unfortunately, the Agenda as is sent down to us contains items which are more or less of a routine character, and will not be of much help or use to the industrialists with regard to the development of industries. Under the circumstances, I am directed by my Committee to request you to be good enough to write to the Government of India to allow this wide and broad question affecting vitally the future of Indian industries on the Agenda. You will kindly let my Committee have any reply you get from Government in this regard.

APPENDIX 103

Agenda for the 12th Industries Conference — Handloom Weaving Industry.

Letter No. 2785, dated 10th December 1940, from Chamber to Lala Padampat Singhania, Cawnpore.

Referring to a letter from the Secretary, Federation of Indian Chambers of Commerce and Industry, No. F. 2716|525|148, dated the 6th instant, the Committee of this Chamber request you to be good enough to take up the following questions at the forthcoming session of the Industries Conference.

It appears that there is an item on the Agenda relating to the cotton textile industry, both in the power form and handloom form. My Committee find from a Press Note that a Fact Finding Committee is proposed to be constituted to survey the position of the handloom industry in all its details and that Provincial and State Governments are to be requested to co-operate in these investigations. My Committee would like to suggest that you should press upon the Conference the advisability of having representatives of the commercial community and also a representative of the Cottage Industries

Sub-Committee of the National Planning Committee on this Fact Finding Committee, in order to ensure that the position and the claims of the handloom industry are examined with proper care.

APPENDIX 104

Private-owned Dairies and Competition for Military Dairies.

Letter No. 2223, dated 30th September, 1940, from Chamber to the Imperial Dairy Expert, Bangalore.

Messrs. Polson, Ltd., a member of this Chamber, have drawn the attention of my Committee to the difficulties experienced by them in the matter of competition from the products of Military Dairies in the various parts of the country. They have also sent to my Committee a copy of their letter addressed to you dated the 5th February 1940 together with copies of several reports received by them from their representatives and agents complaining about the extent and nature of such competition.

The question raised by Messrs. Polson, Ltd., involves an issue of fundamental principle. Public opinion in this country has been strongly opposed to any form of competition from products of manufacturing enterprises organised by the State such as Jail industries or Military Dairies with private industrial concerns. The necessity for delimiting the sphere of activities of such departmental enterprises has also been recognised and acknowledged by Government. Competition between State industries and private efforts, in the very nature of things, will be on an unequal footing. The Military Dairies in question, for instance, have not to be guided by considerations of cost or profit in their extra commercial activity. The dairies are maintained primarily for supplying the needs of the canteens and barracks and the surplus available may be sold in the market without any consideration for cost or profit. Moreover, as will be observed from the reports from the representatives and agents sent to you by the Company, the

authorities of such Military Dairies can bring to bear abnormal pressure on stores and provision merchants to confine, as far as possible, their purchases of dairy products to Military Dairies. Ordinarily, it is unreasonable to expect such provision merchants and suppliers to be uninfluenced by such pressure.

Apart from the competition to private enterprises and the consequent loss of custom or market to them, the question has also to be viewed from a larger angle. Dairying in India is still in an undeveloped stage. Government themselves have expressed their anxiety to promote the development of the cattle and dairy industries of India as part of the programme for improving the agricultural economy of the country. In fact, an Expert Officer was appointed in the year 1937 to go into the question, who, after making an exhaustive survey, made many valuable suggestions to Government. The general public in the country are looking forward to the State taking active steps for implementing the suggestions and recommendations made for developing the dairy industry of India. It is significant in this connection to point out that in Chapter II of the Report of Dr. Wright the following remark appears :

> "The indirect influence of the Military Dairy Farms has, therefore, played a large part in initiating organised dairying in India. There is, however, one disadvantage in basing the dairying development of a country on the requirements of a particular section of the population since such a development may fail to meet the needs of the majority of consumers."

Military dairies at best can expect to cater only for centres which are of military importance. That will only touch the fringe of the problem. Development of private dairy industries in the country on a large scale is very essential before real progress can be made in the matter. If on account of the competition from the products of State enterprises such as Military Dairies, the private-owned dairies are subjected to unfavourable conditions of trade or diminution in the scope and area of their markets, there will be no further impetus

for developing private dairies in the country and the main object of the development of the cattle and dairy resources of the land will be missed. As your Department is mainly concerned with the question of the long range development of dairying in India, this aspect of the matter, my Committee feel sure, will receive your serious consideration.

My Committee, therefore request that you will be pleased to initiate discussions with the authorities in charge of Military Dairies with a view to preventing or minimising competition from the products of such dairies with private enterprise and with a view to ensuring that such private manufacturers as are existing today get a fair field for selling their products in the country.

Letter No. 357|40, dated 16th November 1940, from Director of Dairy Research, New Delhi, to Chamber.

I invite a reference to your letter No. 2223, dated the 30th September 1940, to the Imperial Dairy Expert, Bangalore, which was later acknowledged by my letter No. 323|40, dated the 18th October 1940, on the above subject. I append herewith a copy of my letter to Messrs. Polson, Ltd., Bombay, on this matter. You will please accept this as a reply to the contents of your letter mentioned above.

Copy of a letter addressed to Messrs Polson, Ltd., by the Director of Dairy Research :

I have to draw your attention to your letters No. K|FEM, dated the 6th February 1940, and No. M|PCC, dated the 11th April 1940, to the Imperial Dairy Expert, Bangalore, in which you refer to competition from the Military Dairies in the butter trade at Lahore.

This matter has been discussed by the various parties concerned. The Defence Department, through the Director of Farms, have answered in the following manner :—

(*a*) Civilian producers of dairy products enjoy a corresponding privilege of supplying products to Cantonment areas. In every Cantonment area there are private dairies sometimes called Cantonment Dairies. In almost every gro-

cer's shop in these Cantonments, Polson's and other brands of tinned butter are for sale while Army Canteen Contractors stock and sell tinned butter manufactured by private producers.

(*b*) Military Dairy Farms sell butter at Re. 1 per lb. A comparison of this price with that of Polson's butter is not easy because Polson's butter appears on the market in tins of from 11 to 16 oz. in weight. The Army Canteen Contractors maintain that Messrs. Polson sell tinned butter at a cheaper rate than the Military Dairies. The Military Dairies do not sell tinned butter to private grocers for subsequent sale to the public.

(*c*) It cannot be admitted that fresh butter should not be sold so that customers will be forced to buy tinned butter. As a rule tinned butter is considered to be an inferior product and will not be purchased by customers if fresh butter is available. As fresh butter is sold by local private dairies (Lahore) for as low as As. 10 a lb., they suffer little or no competition from Military Dairies whose rate is Re. 1. It is important for the trade that a good butter should be available for customers willing to pay a higher price so that the local private dairies maintain a reasonable standard. It has been argued that if the local dairies had no competition from the Military Dairy Farms they would improve the produce still further, but this has not proved to be the case.

Many requests have been made by grocers in Lahore to stock and sell butter made by the Military Dairy Farms. This was refused so as not to compete with Messrs. Polson and other manufacturers but these grocers are now selling New Zealand butter at Rs. 1-14 per lb. Customers willing to pay for quality have to purchase imported butter instead of butter that could have been made by the Military Dairy Farm, Lahore, and pay an additional As. 14 per lb.

On these grounds I have to state that no case has been made out which justified interference by the Imperial Dairy Department in the matter.

APPENDIX 105

Competition by Foreign-owned Cigarette Factories Established in the Country.

Letter No. 1552, dated 11th July 1940, from the Chamber to the Secretary, Commerce Department, Government of India.

My Committee had drawn the attention of Government in their letter No. 1740, dated 7th July 1940, and in the previous communications referred to therein, to the problem presented by the establishment of foreign-owned cigarette companies in the country with large resources and the consequent difficulties and handicaps experienced by the smaller Indian-owned cigarette manufacturing units. Full details of the unequal nature of this competition have already been furnished to Government in the previous communications.

Certain circumstances arising out of the war have added to the difficulties of the Indian-owned cigarette manufacturing concerns. Costs of almost all the raw materials used by the industry such as tobacco, cigarette paper, board for making boxes, packing paper, celluloid covers, etc., have gone up substantially. The handling charges and charges for transportation over the railways have also increased. All this has led to an increase in the cost of production, necessitating an inevitable increase in the selling prices of the finished cigarettes. The Indian-owned factories in question are confined to the production of cheaper brands of cigarettes. The foreign-owned factories, however, produce both the cheaper and the costlier varieties. The foreign manufacturers, while maintaining their prices for the cheaper brands at the old level, are reported to be making up the increase in the cost of production by raising the prices of costlier brands. As long as prices of the cheaper brands produced by the foreign-owned factories remain at the old level, the Indian-owned factories also are forced to stick to their old prices in order to meet the competition. The result is that Indian-owned factories are put to loss and unless some measure of relief is afforded to

them, they will not be in a position to continue to be in the field for long.

Under the circumstances, it is necessary that the Government of India should intervene in the matter and bring about some working arrangement between the cigarette factories established in the country with a view to the elimination of such an uneconomic competition. Government may well convene a conference of all the cigarette manufacturers in the country, foreign as well as Indian, and bring about an understanding between them leading to fixation of fair prices for the cheaper brands manufactured by the Indian-owned factories. Unless some such understanding is brought about, the indigenous part of the industry is likely to be ruined and eliminated from the field.

My Committee, therefore, request the Government of India to be pleased to use their good offices and bring about a working arrangement between the various cigarette manufacturing units in the country.

Letter No. 2331, *dated* 12*th October*, 1940, *from the Chamber to the Director of Contracts, Defence Department, Government of India, New Delhi.*

My Committee had occasion to address you in February 1939 on the question of encouraging the purchase of Indian-made cigarettes for the requirements of the Defence Services. In your reply No. 3588|45, dated 23rd February 1939, you had observed that you were getting into touch with the Golden Tobacco Co., Bombay, with a view to getting their name registered on the list of approved contractors. My Committee are informed that subsequently the products of the company in question were examined and analysed by the Military Food Laboratory, Kasauli, and certain brands of their cigarettes were approved and their names were duly registered. Unfortunately, although the company submitted some tenders subsequently, they were not favoured with any orders. It appears that of late they are not being supplied with tender forms.

My Committee, therefore, wish once again to urge upon you that in accordance with the declared policy of the Government of India and in furtherance of the sentiments expressed by you in your administration report for the year 1936|37 about your anxiety to promote manufacture and supply of all things required by the Defence Services within the country itself, it is necessary that the question of allowing adequate opportunities to cigarette factories owned by nationals of the country to tender and secure orders for contracts for the supply of cigarettes for the Defence Services, should be considered sympathetically. My Committee would even suggest that if, in order to achieve this a margin of price preference to indigenous manufacture is necessary, the same should be extended. After all, such a price preference is a feature of the accepted Stores Purchase Policy of the Government of India, and there is no reason why the same concession should not be extended by the Contracts Directorate in respect of purchases of its requirements of cigarettes.

Indian-owned cigarette factories are very few in number, and it should be the anxiety of those in authority to see that they are given every encouragement and facilities with a view to the industry being firmly established in the country.

Letter No. 2G-3|5028, dated 14th November 1940, from the Directorate of Contracts to the Chamber.

I have to acknowledge receipt of your letter No. 2331, dated 12th October 1940.

2. Two brands of cigarettes manufactured by Messrs. The Golden Tobacco Co., Bombay, were approved by the Officer-in-Charge, Military Food Laboratory, Kasauli, for issue to the Defence Services. It is regretted, however, that the cigarettes were not approved by the units to whom samples were issued for trial. The cigarettes could not, therefore, be included in my list of brands approved for issue to the Defence Services. In the circumstances, the firm were informed in my letter No. 3|5028, dated 25th November 1939, that their name could not be registered for the supply of cigarettes.

3. Every endeavour is made by this Directorate to foster indigenous industry and every possible facility is afforded to manufacturers. It will, however, be appreciated that unless manufacturers can produce goods up to the standard required for the Defence Services, purchases cannot be made from them. A margin of price preference in favour of indigenous manufacturers may be extended by this Directorate.

APPENDIX 106

Board of Scientific and Industrial Research.

Letter No. 1043, *dated 2nd May* 1940, *from the Chamber to the Director, the Board of Scientific and Industrial Research.*

In your letter of the 10th April 1940, addressed to the Federation of Indian Chambers of Commerce and Industry, on the question of investigation of problems, you observe that it is probable that "preference will be given to problems of immediate practical importance, rather than to those of long-range character." My Committee will be glad to have fuller information regarding the policy to be pursued by your Board in the matter of distinction suggested in the above observation between problems of immediate practical importance and those of long-range character. Does it mean that problems of importance for the present war situation will be taken up and that problems connected with major industries, which have to be viewed from long range, will be altogether excluded from the activities of the Board for the time being ?

As regards problems of immediate practical importance also, it is necessary to have information whether the assistance that will be vouchsafed in this direction will be continued till such time as the industry or enterprise in question takes firm root in the country, or whether after some initial measure of assistance by way of scientific research and investigation the industry will be left to shift for itself in the further stages of its development. The above information is necessary to enable the commercial and industrial public to appreciate fully

the extent and measure of the assistance they may expect from the activities of your Board in connection with either new industries or existing large scale industries.

APPENDIX 107

Research Schemes.

Letter No. 2118, dated 18th September 1940, from Chamber to the Director of Industries, Bombay.

With reference to your letter No. Chem./348/1513, dated the 18th May 1940, my Committee would like to suggest that the Government of Bombay may well consider the question of recommending to the Board of Scientific and Industrial Research investigations in the following directions :—

1. **Bauxite for Alumina Oxide.** Preliminary investigations in this regard have indicated that valuable high quality Bauxite deposits are available in Bombay, from which manufacture of Alumina on a Commercial scale is feasible. The use of Aluminium has progressed considerably during recent years. The Government of India have recently sanctioned the duty free import of alumina for encouraging the manufacture of aluminium within this country. Having regard to the fact that the raw material for the manufacture of alumina is available in good quantities in India, it will be of advantage to this Province if the scientific researches for the manufacture of this article are further investigated and perfected, with a view ultimately to the manufacture and production of alumina in the country being undertaken on a commercial scale.

2. **Bamboo & Bagasse — for pulp for rayons and papers.** Investigation in regard to this matter may also be suggested as the same will facilitate and establishment of rayon and paper industries in the country.

3. **Citrates and Critic Acid.** Researches for the manufacture of the above chemicals may be conducted.

My Committee hope that you will be pleased to consider the above suggestion and to recommend the same to the Board of Scientific and Industrial Research.

Letter No. Chem. 348|3206, *dated* 11*th October* 1940, *from the Director of Industries, Bombay to the Chamber.*

With reference to your letter No. 2119, dated the 18th September 1940, on the above subject, I have to state as under.

2. With regard to Alumina, I may mention that this Province has very extensive deposits of Bauxite of high quality. It is, however, a matter of investigation, to see if alumina can be prepared in this Province at a rate which will compete with production in provinces, like Central Provinces or Bihar where both bauxite and coal are available at very low prices. Approximately, 1½ tons of good quality coal would be required to produce 1 ton of alumina. In view of this, the question can be decided only after careful investigation of all factors. Regarding research work, no research work is, in my opinion, necessary as the process is a standard one and well described in literature.

3. With reference to pulp from bamboos and bagasse, this Department has already recommended to the Board of Scientific Research that the investigation concerning the preparation of high quality pulp suitable for rayon manufacture from bamboos which was undertaken by the Forest Research Institute, Dehra Dun, should be helped by the Board. As regards Bagasse, I think that this question should be taken up after finishing work with bamboos.

4. Regarding citrates and citric acid, I have to state that the manufacture of citric acid from lemons is already engaging the attention of this Department. It was found that in normal times it was not profitable to prepare citric acid by this process as fermentation citric acid is available at much lower rater, some work on fermentation citric acid is being carried on in Bangalore and Calcutta and helped by the Scientific and Industrial Research Board. In view of this, it does not appear necessary to stress this point further to the Board.

APPENDIX 108

Essential Chemicals.

Letter No. 955, dated 25th April 1940, from the Chamber to the Secretary, General Department, Government of Bombay.

The war has brought to the forefront the question of industrial development in the country. Difficulties are being experienced in getting a normal supply of goods and articles hitherto imported. These difficulties are the greater in the case of essential chemicals and dye-stuffs required by industry. Accurate information about the sources of supply of such chemicals, etc., and the possibilities of manufacturing the same in the Province will prove very useful to the commercial and industrial community. My Committee therefore request that the Government of Bombay will be pleased to supply them with full information about essential chemicals and dye-stuffs that are being manufactured in the Province either privately or in the laboratories, factories, private institutions, etc., controlled or aided by Government as also in the Department of Industries, and research centres affiliated to the University.

If such information is not ready in a collected form, steps may be taken to obtain the same and furnish it to my Committee, so as to be of use to the industrial interests in the Province.

Letter No. 956, dated 25th April 1940, from the Chamber to the Secretary, Supply Deparment, Government of India, Simla.

The war has brought to the forefront the question of industrial development in the country. Difficulties are being experienced in getting a normal supply of goods and articles hitherto imported. These difficulties are the greater in the case of essential chemicals and dye-stuffs required by Industry. Accurate information about the sources of supply of such chemicals and the possibilities of manufacturing the same in the country will prove very useful to the commercial and in-

dustrial community. My Committee therefore request that Government will be pleased to supply them with full information about essential chemicals and dye-stuffs that are being manufactured in the country either privately or in the laboratories, factories, research institutions, etc., controlled or aided by the State, as also in research centres affiliated to Universities.

If such information is not ready in a collected form, steps may be taken to obtain the same and furnish it to my Committee, so as to be of use to the industrial interests in the country.

APPENDIX 109

Supply of Codeine Alkaloid.

Letter No. 216, *dated* 20*th March* 1940, *from Chamber to the Secretary, Department of Education, Health & Lands, Government of India.*

It has been brought to the notice of the Committee of this Chamber that the Alembic Chemical Works Co., Ltd. of Baroda are not able to get their requirements of Codeine Alkaloid from the Opium Agent and Manager, Opium Factory, Ghazipur. It appears that this particular drug is essential for the manufacture of several medicinal preparations and if it is not made available the Alembic Chemical Works will be seriously handicapped. The Company is not at present able to get its supplies from outside even owing to the war situation. In order, therefore, that the manufacture of useful medicinal preparations may not be handicapped or stopped altogether, my Committee request Government to be pleased to issue instructions that the Alembic Chemical Works be supplied with the quantity they require of Codeine Alkaloid from the Ghazipur Factory ; or if that is not possible, to allow them to manufacture this drug in their Works at Baroda. Surely, it cannot be the policy of Government to place any

restrictions on the preparation of essential medicines, and my Committee hope, therefore, that their request will be granted.

Letter No. D. Dis. 48-E.O.|40, dated 6th June 1940, from the Secretary, Finance Department, Government of India to the Chamber.

With reference to your letter No. 216, dated the 20th March 1940, addressed to the Department of Education, Health and Lands, I am directed to say that the manufacture of codeine is prohibited in British India save by officers of the Opium Department at the Government Factory at Ghazipur, with a view to meeting the requirements prescribed by the International Conventions in regard to the manufacture, etc. of dangerous drugs and in order that India may satisfactorily fulfil her obligations under these Conventions. In the circumstances the Government of India regret their inability to agree to the manufacture of codeine by any private agency in India.

2. I am however to bring to your notice that out of the 39 lbs. and 15 oz. of codeine issued from the Ghazipur Factory since September 1939, 25 lbs. comprising 62½% of the total issues was supplied to the Alembic Chemical Works which was the quantity actually indented for by them. It would therefore appear that this firm is obtaining a substantial share of the drug manufactured at the Factory and that their genuine requirements are being complied with.

APPENDIX 110

Supply of Rectified Spirit and Preparation of Perfumes.

Letter No. 2836, dated 17th December 1940, from the Chamber to the Secretary, Excise Department, Government of Bombay.

The attention of my Committee has been drawn to certain difficulties experienced by the manufacturers of perfumery in the matter of securing supplies of rectified spirit and in observing the regulations of the Department governing the use of

such spirit in the process of manufacture. As part of the regulations or restrictions considered necessary by Government in the furtherance of the programme of the introduction of Prohibition in the Province, it appears that supplies of rectified spirit have to be secured from Government Depot at Sewree. The quality of the spirit supplied, my Committee are given to understand, is not found quite suitable for use in the manufacture of perfumery. In the matter of colour, odour and strength the rectified spirit supplied by Government is, according to the manufacturers of perfumery, inferior to the quality which they were previously securing from private sources of supply with the result that the quality and standard of the perfumes turned out have also suffered. Government will appreciate that perfumery trade is a highly specialised trade in which the slightest variation in odour or in colour is likely to affect the reputation of particular brands of perfumes. It is, therefore, submitted on behalf of the manufacturers of perfumery that they should be allowed freedom to secure their supplies of rectified spirit from private suppliers as in the past.

Another difficulty is in regard to the requirement that preparation of perfumes in which rectified spirit is to be used, should be done in the Government Depot. Manufacturers are allowed to make perfumes and use rectified spirit in the process in their own premises only if they are prepared to bear the expenses of the Resident Excise Staff. The latter procedure being costly, cannot be resorted to by ordinary manufacturers. The former procedure involves considerable difficulties. It will be appreciated that in the manufacture of perfumes, mixing and blending various compounds to a fine degree of perfection is an essential factor. It is found inconvenient to carry out these processes with that degree of efficiency which is required for achieving exact results in the Government Depot. The manufacturers also find it inconvenient to carry the various compounds and appliances to the Government Depot. Oftentimes new experiments have also to be conducted to find out ways and means of improving

the standard of the products or to introduce new blends and brands. Such experiments, it will be realised, will have to be done in proper atmosphere and quiet at leisure. For these reasons, it would be highly desirable if manufacturers are allowed the facility of carrying out all these operations in their own premises. In order, however, to safeguard Government revenue by way of Excise and to ensure that all the restrictions in regard to the use of the Excisable articles are only used for legitimate purposes, a Guarantee Bond or Cash Deposit may be taken from the manufacturers.

My Committee hope that Government will be pleased to consider the above suggestions favourably and issue necessary instructions so as to permit the manufacture of perfumery in the Depots or premises of the manufacturers themselves and also to allow them freedom to get their supplies of rectified spirit from private sources of supply.

Letter No. 5176-C|39, *dated 5th May* 1941, *from the Secretary, Revenue Department, Government of Bombay to the Chamber.*

With reference to your letter No. 2836, dated 17th December 1940, I am directed to inform you that no restrictions are imposed on the supply of rectified spirit either locally manufactured or imported from outside the Province provided that full excise dues are paid thereon. The manufacturers of perfumery at present get their supply of rectified spirit from the Sewri Warehouse, the Alembic Chemical Works Company, Limited (Baroda) or from local vendors holding licences for the wholesale sale of rectified spirit. They thus enjoy the same freedom for supply of rectified spirit as they were enjoying in the past. As regards your request that the manufacturers of perfumery may be allowed to manufacture perfumed spirits at private premises, I am to state that steps are now being taken to allow the manufacture of perfumed spirits at private premises subject to certain conditions.

APPENDIX III

Constitution of the Indian Central Sugar Committee.

Letter No. F. 71-1 (6) |39-A., dated 22nd December 1940, from the Secretary, Department of Education, Health & Lands, Government of India to the Chamber.

With reference to your letter No. 3140, dated the 22nd December 1939, I am directed to say that in view of the postponement of the proposed All-India Conference there is no further need to consider at present the request of your Chamber for the representation of Bombay on the Indian Central Sugar Committee. When the situation permits of the convening of this Conference the claims to representation of all sugar producing areas will be duly considered.

APPENDIX 112

Resident Excise Staff at Sugar Factories.

Letter No. C. No. 161-C. Exc.|39, dated 21st June, 1940, from the Secretary, Central Board of Revenue, Government of India to the Chamber.

With reference to your letter quoted in the margin I am directed to say that the Board has carefully considered the proposals made therein but regrets that it is unable to accept them for the reasons explained in its letter C. No. 161-C.Exc.|39, dated the 20th June 1940, to the Indian Sugar Mills Association (copy enclosed).

No. 424, dated the 15th February 1940

C. No. 161-C.Exc.|39.

CENTRAL BOARD OF REVENUE,

New Delhi, the 20th June, 1940.

From

K. G. Jacob, Esquire, M.A.,

Second Secretary, Central Board of Revenue.

To

The Secretary,
Indian Sugar Mills Association,
102-A, Clive Street,
CALCUTTA.

Sir,

Sugar Excise Duty—Resident excise staff employed at sugar factories in the Bombay Province—Proposal for withdrawal of.

I have the honour to refer to correspondence resting with your letter No. 683, dated the 23rd April 1940 on this subject.

2. The question whether the system of excise supervision in vogue in Northern India should be introduced in Bombay in substitution for the present system of resident staff has now been examined by the Central Board of Revenue, and I am to convey to you the conclusions reached.

3. I am to observe that from the outset there have been three distinct systems of sugar excise supervision in British India, namely, those in force respectively in (*i*) Northern India, (*ii*) Bombay, and (*iii*) Madras. These systems were evolved before the administration of the sugar excise was centralised, and when in Bombay and Madras as well as in other Provinces control was vested in Provincial Governments. In formulating the procedure, therefore, Provincial Governments were able to bring to their task a knowledge of local conditions in their respective jurisdictions, which conditions were not necessarily uniform throughout British India.

4. In reviewing the position in response to the representations recently made by your Association and others the Board finds that conditions do indeed vary, and that good reasons therefore exist for corresponding differences in procedure. In particular the following matters are relevant to the determination of the means and method of supervision in any given area, viz., (*a*) the average size of a factory, (*b*) the

lines on which the industry is organised, (*c*) the number of factories and their geographical distribution.

5. In Northern India factories are concentrated in areas which are well served with roads and railways ; the factories are mostly large and organised on modern lines and they are numerous. The system of inspection best suited to local conditions is therefore the group system. Moreover, in the United Provinces and Bihar the sugar industry is in certain respects controlled under Provincial legislation, which control serves indirectly as an aid to the excise administration.

6. Conditions in Bombay and Madras differ appreciably from those outlined above. Bombay has only six factories, and these are scattered over a wide area. There is no control by Provincial Governments corresponding to that exercised in the United Provinces and Bihar. Consequently the extension of the Northern India system of excise control beyond the area in which it operates at present would not in fact achieve uniformity, but on the contrary the result would be that outside the main areas of production the system of governmental supervision would be relatively weakened. It is apparent also that any such change in Bombay must result in uneconomical employment of staff.

7. I am to add that, even under the more favourable conditions where it operates, the Northern India system has been found in certain respects to require strengthening and that therefore in any event the Board could not contemplate its extension to other areas until the system has been finalised.

8. After very careful consideration the Board has, therefore, decided that the Northern India system cannot under present conditions be extended to Bombay.

9. I am to add that this decision implies no unwillingness on the part of the Board to remedy any actual difficulties that there may be in the practical working of the existing Bombay system, or to make any modifications necessary to suit local conditions. It appears, however, that the resident Inspectors exercise only general supervision and control without interfering with factory operations, and that action has

already been taken to remedy the principal grievance complained of by allowing weighment of sugar bags by night. There seems therefore to be no foundation for the allegation that the employment of resident excise staff hampers the smooth operation of factories.

APPENDIX 113

Tenders for Assets of Messrs. Chemdyes, Ltd.

Letter No. 1813, *dated 8th August* 1940, *from Chamber to the Department of Commerce, Government of India.*

The attention of the Committee of this Chamber has been drawn to the Notification issued by the Deputy Custodian of Enemy Property, Bombay, inviting tenders for the purchase of the entire assets in British India of the enemy firm of Messrs. Chemdyes, Limited, consisting of stocks of dyes and chemicals, etc.

2. In this connection, my Committee had sent to you a telegram on the 7th instant as under :—

> "Regarding Notification by Deputy Custodian of Enemy Property inviting tenders for purchase of property of Messrs. Chemdyes, Limited, Committee Indian Merchants' Chamber are of opinion that the general conditions and detailed terms virtually prevent any Indian merchant or combine from tendering for the same as the requirements prescribed can perhaps only be fulfilled by one organisation in the country, namely, the Imperial Chemical Industries (India) Limited. Committee strongly protest that the conditions should have been so prescribed as to practically shut out Indian tenderers."

3. My Committee are strongly of the opinion that the general condition and detailed terms prescribed in connection with the tender are highly objectionable. The provision in condition (4) of the Notification is particularly open to the strongest objection. While my Committee have nothing to say against the requirement that the tenderer should be un-

connected with any enemy dye industry, they presume that the provision that such tenderer should be entirely independent of the existing management of Chemdyes, Limited, would not preclude existing agents and stockists of Chemdyes from tendering and the term "existing management" connotes only the actual Chemdyes organisation and staff thereof. They also very strongly disapprove of the provision in this condition to the effect that the tenderer should be technically competent to carry on in a satisfactory manner and with immediate effect the business of purchasing, selling and distributing dye-stuffs and chemicals throughout British India and also to continue their importation. This provision may be found difficult to be fulfilled by any one in this country and the indirect result will be that only the Imperial Chemical Industries will be eligible for submitting the tender.

4. My Committee would also protest against the procedure adopted of calling for tenders in one lot for the whole of the assets and stocks of the concern. It is a sheer impossibility that there should be found any Indian merchant, firm or combine to take the whole organisation as a going concern. My Committee do not consider it fair and reasonable that the whole undertaking should be transferred to the Imperial Chemical Industries. Under these circumstances, they beg to suggest that Government should either continue to administer and sell the stocks of Chemdyes as they have been doing since the firm was declared an enemy firm, or they should dispose of the stocks in smaller lots of the value of, say, Rs. 50,000 to Rs. 1,00,000 to those consumers and merchants who may come forward to purchase their requirements in advance. Such an arrangement would be more advantageous to Indian industries and merchants and it would also have the further advantage of securing a fair value for the stocks to be sold.

5. My Committee further wish to reiterate their protest against the unduly high price of Rs. 1,000 for a copy of the inventory. Such a high price will practically prevent any would-be tenderer for going in for the same and examining the list of stocks. Surely, it must be the intention of Gov-

ernment to induce as many people as possible to go through the inventory so that more tenders may be sent to Government.

6. My Committee hope that the Government of India will be pleased to consider the above suggestion sympathetically.

Letter No. 49(27)-Tr.(W)|40, dated 10th August 1940, from the Commerce Department, Government of India to the Chamber.

With reference to your letter No. 1737, dated the 2nd August 1940, I am directed to say that the price for the Chemdyes tender form and the inventory was fixed by the Government of India after careful consideration of all matters involved and they see no reason to reduce that price.

APPENDIX 114

Prices for Tender Forms.

Letter No. 2054, dated 11th September 1940, from the Chamber to the Chief Controller of Stores, Indian Stores Department.

The Committee of this Chamber had addressed the Deputy Controller, Central Stationery Office, Calcutta, on the 21st November 1938, requesting that charges for tender forms for the requirements of stationery should be reduced. To this they received a reply that the prices of tender forms were fixed on the value of contracts involved in each tender group, based on a sliding scale adopted by the Indian Stores Department and that the rates were not more than those of other departments of Government. Since then, my Committee have again received a complaint against the prices fixed for tender forms by the Central Stationery Office and against the sub-division of groups of articles not only merely for supply but even for payment of fees for such individual tender specifications. My Committee will be greatly obliged if you will be pleased to let them know as to what is the basis of the prices of tender forms adopted by your Department. My Committee feel that the prices of tender forms, if they are high, will preclude both merchants and manufacturers from

sending in their tenders ; and so they would like to know the principle on which the Indian Stores Department fixes its prices of tender forms and also whether you are grouping all similar articles in one group or whether you are sub-dividing them for purposes of tender forms.

Letter No. K-14 (298), dated 27th September 1940, from the Chief Controller of Stores, New Delhi to the Chamber.

With reference to your letter No. 2054, dated the 11th September 1940, I write to say that the prices of I. S. D. tender forms, are fixed on a scale based on the estimated value of the stores required. While there is a graded scale upto Rs. 25,000, rupees ten is the maximum amount ordinarily charged for tender forms relating to demands exceeding that figure (except where preparation of elaborate specifications and/or drawings is involved).

The grouping of items in tenders is as far as possible regulated with reference to the potentialities of suppliers.

So far as this Department is aware the prices of tender forms fixed by this Department have not precluded any firm from obtaining tender forms.

APPENDIX 115

Increase in Price of Petrol.

Letter No. 1147, dated 15th May 1940, from the Chamber to the Commerce Department, Government of India.

I am directed by my Committee to address you on the question of the recent increases in the prices of petrol sold in India.

Before the outbreak of war, the prices of petrol sold in Bombay were annas 14 per gallon in bulk and Re. 1 per gallon for general consumers ; or, in other words, excluding duty the prices were annas 4 in bulk and annas 6 for ordinary consumers. Subsequently, the prices have been increased to Rs. 1-6 and Rs. 1-8 respectively ; or less duty annas 12 and

annas 14. There has thus been an increase to the extent of about 300 per cent.

After the outbreak of the war, the Government of India have had under consideration more than once the question of price control. Certain powers have also been delegated to the Provincial Governments for the purpose of ensuring that prices of essential commodities and articles of daily necessity are not enhanced abnormally. While my Committee had always been opposed to any action on the part of Government to control prices of staple commodities of the country, they were alive to the necessity for a distinction between legitimate profit earning and profiteering as such. An increase of 300 per cent in the price of an essential commodity like petrol, is certainly a clear case of profiteering, and as such calls for Government intervention. Some measure of control is all the more necessary, having regard to the fact that petrol and petrol products are sold in this country on conditions of monopoly.

War and war conditions cannot operate as an excuse to extenuate the action of the oil combines operating in this country in effecting such an abnormal increase. The sources of supply from which India is getting her petrol requirements are far away from the war area. Thus India is mainly dependent on Burma and to a small extent on Persian Gulf for her supplies of petrol. There has not been any considerable change in the conditions under which the companies are operating in those countries ; nor has there been any abnormal dislocation in the transport services between those countries and India. My Committee are aware that the cost, on account of freight and insurance, has undergone a slight increase ; but this increase cannot, in any way, justify the abnormal increase by about 300 per cent in the prices paid by the consumers. In reply to a question in the Indian Legislative Assembly on 16th February 1940, the Hon'ble the Commerce Member made a statement that the present prices were fixed in consultation with the Government of India. So, having regard to the fact that the increase has been of a great

magnitude and having regard to the consideration that India is mainly dependent on Burma and to a smaller extent on Persian Gulf for her supplies of oil, the two countries being not in any way connected with developments arising out of the war, my Committee request that the Government of India will be pleased to re-examine this matter and take steps to see that the prices are substantially reduced and that, at all events, no further increase is allowed in the price of petrol, a commodity which is very essential to modern trade, commerce and industry.

Letter No. O. 18-Ind.-S|40, dated 30th May 1940, from the Commerce Department, Government of India to the Chamber.

With reference to your letter No. 1147, dated the 15th May 1940, on the subject mentioned above, I am directed to say that the Government of India are carefully watching the situation and that rises in the prices of petrol as well as kerosene are allowed after weighing very carefully every relevant factor.

Telegram dated 26th June 1940, from the Chamber to the Commerce Department, Government of India.

Committee Indian Merchants' Chamber understand that at present discussions are going on between Government and representatives of oil producing interests regarding price of petrol and kerosene. As pointed out in their letter to Government, dated 15th May, the last increases effected in the prices of petrol were unjustified. Committee earnestly request that at any rate Government will not accord their sanction for any further increase in the prices of petrol or kerosene.

APPENDIX 116

Price for Fuel Oil.

Letter No. 2189, dated 24th September 1940, from the Chamber to Messrs. The Standard Vacuum Oil Co., Bombay.

The Indentors' Syndicate, Gustard Chambers, Sir Phirozshah Mehta Road, Fort, Bombay, have recently started a new

Industry in the Province for the manufacture of Sodium and Potassium Bichromates. These Chemicals are required in the tanning, dyeing, match-making, paint manufacturing and various other industries. Being a new effort the Organisers are experiencing difficulties in certain directions which are standing in the way of the proper development of industry.

One such difficulty is in the matter of supplies of Fuel Oil. Recently the price of fuel oil has gone up. The oil supply companies, however, are supplying oil to the Textile and other organised industries, being large consumers, oil at a concessional rate. The Syndicate request that the facility of the concessional rate may be extended to them also.

Having regard to the fact that the industry, namely, the manufacture of Sodium and Potassium Bichromate in the country is a pioneer one and having regard to the fact that these chemicals are required by a number of other industries, my Committee feel that your Company, as suppliers of Fuel Oil, are in a position to assist the industry by allowing to the Syndicate the facility of the concessional rate, in force for industrial consumers like the Textile mills.

My Committee hope that the request of the Company for this facility will receive your sympathetic consideration.

Letter No. 768, *dated 4th October* 1940, *from the Standard-Vacuum Oil Co. to the Chamber.*

With reference to your letter No. 2189, dated 24th September 1940, we appreciate the arguments which you set forth in favour of a concessional rate for furnace oil for the Indentors' Syndicate but regret that we cannot agree to extend them the same rate as is given to the large textile or mill buyers.

APPENDIX 117

Marking of Number and Counts on "Kharaba" Yarn.

*Letter No. I.G.*160|955, *dated 7th February* 1940, *from the Director of Industries, Bombay to the Chamber.*

I have to state that the Secretary, Millowners' Association, Ahmedabad, suggests that miscellaneous yarn called

"Kharaba" may be exempted from the provisions of the Indian Merchandise Marks Act, 1889, for the reasons given in his letter No. 2713, dated 6th September 1939, copy of which is attached hereto for your information. I have therefore to request you kindly to let me know whether your Chamber experiences similar difficulties and whether they concur with the views of the Secretary, Ahmedabad Millowners' Association.

Copy of a letter from the Secretary, Millowners' Association, Ahmedabad to the Director of Industries, Bombay.

In continuation of my letter No. 917, dated 8th April 1939, I am directed by my Committee to refer to the case of the miscellaneous yarn which is known in trade as KHARABA. As you are no doubt aware the bottom of different counts varying from 20's to 40's or 40's to 60's are reeled together in this type of miscellaneous yarn. It would not obviously be possible to mark the number of count on the bundle even within the limits of errors suggested in our letter under reference, as a bundle is composed of different counts of yarn, nor would it be possible to ensure the statutory length of 840 yards. My Committee therefore suggest that this type of yarn may be exempted from the requirements in regard to marking of counts and length, if necessary by an amendment under the Merchandise Marks Manual. If necessary, a provision be made that such yarn shall be marked as miscellaneous or mixed yarn on the analogy of fents. My Committee shall much appreciate your early action in the matter.

Letter No. 412, *dated* 14*th February* 1940, *from the Chamber to the Director of Industries, Bombay.*

I am directed to acknowledge the receipt of your letter No. I.G.160|955, dated 7th February 1940.

The matter was considered by my Committee at their last meeting and they agreed with the Ahmedabad Millowners' Association that it would not be practicable to mark the number of counts and lengths of miscellaneous yarn, which is known in the trade as "Kharaba" yarn. It is, therefore,

necessary, as suggested by the Millowners' Association, to exempt such yarn from the requirement in regard to marking of counts and lengths, and instead, a provision be made that such yarn should be marked as "miscellaneous or mixed yarn."

Letter No. I.G.160|2554, dated 9th April 1940, from the Director of Industries, Bombay to the Chamber.

With reference to your letter No. 412, dated 14th February 1940, I have to state that I understand that in reeling up different counts of yarns to make up "Kharaba yarn", no insuperable difficulties are likely to be encountered in respect to :—

(*a*) Conforming to the statutory length of 840 yards, and

(*b*) Correctly stamping the weight of the bundles and the number of knots in the bundles in case where bundles containing such yarn are stamped with particulars relating to the weight and the number of knots.

I should therefore be glad to have details of the difficulties anticipated by you in the above respects.

Kindly treat this matter as urgent.

Letter No. 1366, dated 19th June 1940, from the Chamber to Director of Industries, Bombay.

With further reference to your letter No. I.G.160|2554, dated 9th April 1940, I am directed by my Committee to inform you that their views on the question of exempting "Kharaba" yarn from the requirement regarding the marking of counts and lengths were conveyed in their letter No. 412, dated 14th February 1940. They have had further consultations in the matter both with the Bombay and the Ahmedabad Millowners' Associations, and have nothing further to add to the views expressed in their letter above referred to.

APPENDIX 118

Standard Contract Forms for Piecegoods Trade.

Letter No. 2593, dated 21st November 1940, from the Chamber to the Secretary, Marwari Chamber of Commerce, Calcutta.

With further reference to your letter of the 5th March 1940, on the above subject, my Committee have considered the matter and in reply I am desired to inform you that the proposal for revising the Contract Forms for the Piecegoods Trade on the lines suggested by you does not find favour on this side.

V.—GENERAL

APPENDIX 119

Mahatma Gandhi's Fast.

Telegram dated 5th November 1940, from the Chamber to Mahatma Gandhi.

Committee Indian Merchants' Chamber earnestly appeal to you not to enter on your fast. Committee deeply regret that they are sending this telegram which may be considered as interfering with the conviction and decision of a national leader like you. They are doing so however as they feel that your life is the most precious possession and asset of the country which wants you still for a long time to come to guide it in these days of storm and stress. They again appeal to you therefore to be pleased to withhold from your fast.

APPENDIX 120

Political Situation in the Country.

Press Note issued by the Committee of the Chamber, dated 27th November, 1940.

"The Committee of the Indian Merchants' Chamber are deeply pained at the turn the events have taken with regard to the political situation in the country. When the War broke out more than a year back, several eminent leaders of political thought condemned in a strong and emphatic manner the war of aggression started by the Axis powers and there was a clear manifestation of sympathy with the Allies' cause all over the country. The Committee regret that on this occasion, as at the time of the first Great War, British statesmanship was lacking in vision and imagination. While the Committee appreciate the evident anxiety on the part of His Excellency the Viceroy to come to a reasonable understanding with the leading political parties, and the trouble and the pains he

took in this connection, they regret that all these good intentions and all these endeavours were not properly backed up by His Majesty's Government, with the result that the Government of India and the political leaders, instead of coming closer together, have drifted more and more apart. The situation led to the resignation of all the Congress Ministries, a step which was fraught with grave consequences for the body politic and which Government should have exerted every means to prevent. The Committee record here the earnest and unceasing efforts made by Mahatma Gandhi to prevent any embarassment to Government during the period of the war and his deepest anxiety to see that the cause for which Great Britain was fighting did not suffer. Unfortunately, all these pronouncements of the Indian leaders and all their endeavours were practically treated with indifference and even, it is feared, with contempt, with the result that there finally came a break in the relations between the Congress, the biggest political party in the country and Government. The Committee should like to emphasise that it is a great tragedy that while the British Government profess to fight for democracy and freedom and that while the Indian political leaders want the same democracy and freedom for India, there should have been such a rift and the Congress should have been obliged to start on its campaign of individual Civil Disobedience. Surely, if there had been statesmanship in the British Cabinet, they would have strained every nerve to see that they did not drive people like Mahatma Gandhi and others who had their utmost sympathies with the cause of Freedom and Democracy, out in the wilderness and to a camp of Civil Disobedience campaign. To avoid the repercussions of such a Civil Disobedience movement, an understanding is vitally necessary between the Government of India and the Congress in the interests both of Great Britain and India.

This political situation, combined with the war situation at present, has thrown the country in a state of grave tension which bodes ill for trade, commerce and industries and for any ordered progress of the Society or the Constitution. The

Committee feel that even now it is not too late for Government to recognise the claims of India. If a declaration for an immediate recognition of at least Dominion Status of the Statute of Westminster variety for India had been made when the war broke out, India would have stood solidly by Great Britain. Unfortunately, time which is of the essence of such political settlements, was allowed to pass and now after 14 months of the war the situation is as bad as can be expected under the circumstances. His Excellency the Viceroy even now, however, can impress upon His Majesty's Government the great seriousness of the situation and the vital and fundamental necessity of coming to an understanding with the nationalist India to bring about a situation which will free the country of its inner turmoil and prepare it for strengthening its defences and standing on its own legs when and if a crisis comes over here in the shape of external aggression. The Committee feel confident that Mahatma Gandhi will be responsive to any constructive suggestions that may be put forward to end the crisis provided of course that they do not clash with the honour and self-respect of the nation.

The Committee, therefore, earnestly appeal to His Excellency the Viceroy to take all these facts into his consideration and adopt immediately all such measures as will bring about a cessation of the present strained relations between the Government of India and the people of the country and inaugurate an era of friendly relations.

The Committee cannot help in conclusion pointing out to the very severe sentence passed on Pandit Jawaharlal Nehru as also the sentences passed on other political leaders and emphasising that the course followed is not the best that could have been followed if Government wanted a solution of the difficulties and a reconciliation with the nationalist India."

APPENDIX 121

Indian Non-Official Representation on International Conferences.

Letter No. 3003, *dated* 16*th November* 1939, *from the Chamber to the Commerce Department, Government of India.*

I am directed by my Committee to address you regarding the necessity of the inclusion of Indian non-official representation on the International Conferences regarding sugar, rubber, cotton, etc.

Such International Conferences meet to discuss the mutual possibilities of various trades between different countries and very often decide the allocation of export quotas for different countries according to their capacity of production for export purposes. The question of the inclusion of Indian non-official representatives on such conferences has assumed importance particularly in view of the growing industrialisation of the country with regard to vital trades such as sugar, rubber, cotton, etc. In this connection, the President of the Chamber, in the year 1937, had occasion to acquaint the Hon'ble Sir Sultan Ahmad, then Commerce Member, of the strong feelings of the Chamber regarding the absence of an Indian non-official representative on the International Sugar Conference held in that year, during the course of the interview the Commerce Member had with the Committee of the Chamber. It was pointed out that on the agreement reached in the said Conference, the representative of the Government of India had placed his signature, binding down India not to export sugar whatsoever. This agreement was extremely unfair to Indian sugar trade depriving it of the right to export sugar, and yet the Government representative in total disregard of the Indian commercial opinion had appended his signature of approval to it. Such an unfortunate result would not have come to pass had there been any non-official representative on the Conference Table to watch the interests of Indian industry.

It will be recalled that the Indian Trade Commissioner in U. S. A. was appointed to represent India at the Cotton Conference which was to be held in New York which ultimately did not take place. It was obvious that the Trade Commissioner could not have successfully represented Indian cotton interests as an Indian non-official representative of the cotton trade would have done, as the Trade Commissioner had no intimate knowledge of the trade whose interests he was proposed to look after.

My Committee feel that Indian interests have been placed in a position of considerable disadvantage by being excluded from their rightful non-official representation on such Conferences and have to request Government to give their earnest attention to this question of representation of Indian interests on such International Conferences that may be held in future.

Letter No. 38-C.(1)|40, dated 19th March, 1940, from the Commerce Department, Government of India to the Chamber.

With reference to your letter No. 3003, dated the 16th November 1939, on the above subject, I am directed to say that the position in regard to the Conferences mentioned in that letter is as follows :—

(*i*) **Cotton Conference at Washington :** This Conference was merely of an exploratory nature, intended to ascertain whether it would be practicable to convene a subsequent Conference for the drawing up of an International Agreement. Since the Conference was not expected to reach any conclusions that could have been binding in any way, the Government of India considered that it would suffice if they were represented on it by Mr. H. S. Malik, their Trade Commissioner in New York, and that the expense of sending a delegation from India would not have been justified.

(*ii*) **International Schemes relating to rubber and tea :** The Inter-Governmental Agreement regulating the production, export and stocks of rubber, to which India is a party, is the outcome of negotiations between Governments concerned

on the basis of a Rubber Producers' Agreement which was made in the first instance. When the Agreement was revised in 1938 the matter was also settled by negotiations. No Conference of representatives of Governments interested was held and the question of appointing non-official representatives did not therefore arise.

Similarly, the International Tea Agreement (both original Agreement of 1933-38 and the revised Agreement of 1938-43) has so far been a Producers' Agreement which was drawn up by the tea interests concerned. The decision of the Governments concerned to implement the Tea Agreement has been reached by negotiations. No Conference of representatives of Government was held and the question of appointing non-official representatives did not arise.

2. As regards the International Sugar Conference to which you refer, I am directed to say that the position of the Government was explained by Mr. Dow in his speech in the Assembly on 27th September 1937 (pages 2,526 and 2,527).

3. No International Conference on any matter affecting Indian commercial or industrial interests is at present in contemplation but the views of your Chamber will be taken into consideration when any such question arises in the future.

APPENDIX 122

Collection of Occupational Statistics in the Next Census

Letter No. 2-C.11|7, *dated* 11*th July* 1940, *from the Office of the Census Commissioner, Simla to the Chamber.*

I have arranged for the Director of Public Information to send copies of the list of questions to all Chambers of Commerce. You should therefore be receiving one shortly.

THE EIGHTH ALL-INDIA CENSUS

Wider Examination of Means of Livelihood

QUESTIONS FRAMED

Problem of Reproduction Rates

A wider examination of the means of livelihood aspect of which examples are partial dependency, labour contribution by members of the household, unemployment, educated unemployment, seasonal and temporary unemployment, will be included in the Eighth All-India Census, to be conducted under the supervision of Mr. M. W. W. M. Yeatts, Census Commissioner, in the spring of 1941. An attempt will also be made to meet the question of associated employment or organised industry.

In reply to the question dealing with the means of livelihood vague terms such as 'service', 'writing' or 'labour' will be avoided. For example in the case of labour it will be specified whether it is labour in the fields or in a coal mine or jute factory or cotton mill or lac factory or earth work, etc. In the case of agriculture an attempt will be made to distinguish between persons who do not cultivate personally, who cultivate their own land, who cultivate rented land and who are hired labourers. If a person makes the articles he sells he will be entered as "maker or seller" of them.

In past years industrial information was secured by a separate schedule of considerable complexity. For reasons of economy and facility this was given up in 1931 and its place taken by a question bearing on organised industry. The difficulties occasioned by this question, particularly in its way many translated forms weakened the value of the answers received; which, in any case, for reasons of economy were not tabulated. The form of question now put ("If you are employed by some one else, what is his business?") has been chosen so as to ensure the maximum degree of understanding on the part of the enumerator.

The determination of the number of children born to a married woman and her age at birth of first child represents an approach to the important matter of reproduction rates. This determination is of value to any country, particularly to those of stationary or declining population, but also, and perhaps no less so, to those such as India. An attempt was made at the last census to achieve this information by a purely optional enquiry. The only satisfactory way, however, of using the census to help to this end is to secure simple and acceptable questions which can be asked as part of the general census scheme. The questions have been so framed that they will be susceptible of answer by the husband or father. Women will not be cross-questioned at all.

The guiding principle in all the questions is that they are such as will pass the filter of the enumerator's understanding. If he is able to understand the questions he puts, then he will be able, or at any rate he will be more likely, to extract a satisfactory and intelligible answer.

The following questions have been framed :—

1. Name.
2. Sex.
3. Race, Tribe or Caste.
4. Religion.
5. Married, unmarried, widowed or divorced.
6. Age.
7. Number of children born to a married woman.
8. Her age at birth of first child.
9. Are you wholly or partly dependent on any one else ?
10. If so, means of livelihood of person on whom dependent.
11. Do you employ (*a*) paid assistants, (*b*) members of household ? If so, how many ?
12. Are you in employment now ?
13. (Only to those who reply in the negative to question 12) Are you in search of employment.

To those who reply in the affirmative the further questions will be put—How long have you been in search of it ?

14. Means of livelihood in order of importance.

15. (Only to be asked in regard to means of livelihood of a person shown as partly dependent against question 9 or any subsidiary means of livelihood returned by other persons against question 14).
Does this means of livelihood exist throughout the year ?
If not, for what part of the year ?

16. If you are employed by some one else what is his business ?

17. Were you born in this district ? If not in what district ?

18. Mother tongue.

19. Other Indian languages in common use.

20. Can you both read and write ? If so, what script do you write ? Can you only read ?

21. How far have you read ? Give any examination passed.

22. Are you literate in English ?

APPENDIX 123

Library Development Committee.

Letter from the Secretary, Library Development Committee to the Chamber and other Associations.

I have the honour to enclose herewith a questionnaire issued by this Committee on the above subject together with a brief explanatory note.

I have to request you to be good enough to help the Committee by communicating to them your views the views of your Institution on any or all the questions.

The replies may, please, be sent before the 30th of June 1940.

QUESTIONNAIRE

"Government are considering the question of the establishment of a Provincial Central Library in Bombay, as well as Regional Libraries at Poona, Ahmedabad and Dharwar. Your answers to the following questionnaire are therefore requested :

1. What should be the nature, functions and extent of the Central Libary in Bombay and Regional Libraries at Poona, Ahmedabad and Dharwar ?

2. Whether the Bombay Branch of the Royal Asiatic Society's Library should form the nucleus of the Central Library in Bombay, and if so, on what terms and conditions ? If not, what is your alternative suggestion ?

3. Whether any, and if so which, of the existing Libraries at each centre, i.e. Poona, Ahmedabad and Dharwar, should act as Regional Libraries and be given the right to receive copyright books and become closely associated with the Central Library, and on what terms and conditions ? Should these Libraries file Newspapers and Periodicals ? How will the copyright Library question affect the publishers ?

4. Whether new Libraries should be opened in the Regional Centres as Regional Libraries ? Are any other technical or special Libraries necessary ? Should these Central or Regional Libraries, receiving copyright books, act as lending Libraries ? Or should they be general Reference Libraries ?

5. What should be the requirements, including the establishment, etc., for the Central Library in Bombay, as well as for the Regional Libraries ? What machinery can be set up for the co-ordination and co-operation between these Libraries, and between Libraries in general in the Province ?

6. What should be the arrangements for housing the Central Library in Bombay, and the Regional Libraries at their respective centres ?

7. What Public Bodies or Institutions can co-operate for the purposes of a Library Movement, and how should the question of finance be met ? Is any legislation necessary ?

8. Any other suggestions that you may desire to make in connection with the establishment of the Central Library in Bombay and Regional Libraries at Poona, Ahmedabad and Dharwar, and generally with regard to the Library movement in the Province."

Letter No. 1516, *dated 5th July* 1940, *from the Chamber to the Secretary, Library Development Committee, Bombay.*

I am directed to refer to your letter No. 205, dated the 26th April 1940, on the above subject, and in reply to send to you hereby the views of my Committee on the Questionnaire issued by the Library Development Committee.

At the outset, my Committee would like to refer to the importance of giving adequate attention to the provision of books, literature and periodicals on Economic and Commercial matters, in any proposals for improvement of organisation of libraries in the Presidency. There is a growing tendency to consider the study of these subjects as the sphere of experts and economists. Unfortunately, the libraries and literary associations or societies do not give the necessary attention for the provision of adequate literature in these subjects. It is necessary to remedy this state of affairs and in the opinion of my Committee proposals for improving or developing libraries in the City and in the Presidency should include provision for maintaining a section in such institutions devoted to collection of literature on these subjects. In Calcutta, for instance, there is the Imperial Library attached to the Department of Commercial Intelligence and Statistics which is available to the public. In Bombay no such facility exists so far as the general public is concerned. With these general remarks, my Committee will now give their replies to some of the questions in the questionnaire.

Question 1 : At the first instance Government should concentrate on the creation and establishment of a Central

Library in Bombay, mainly on the lines of the British Museum Library in London. Such a library should be available free to the public, provided those who come to make use of the library are recommended to the authorities by two respectable gentlemen of the locality. The Library Development Committee may well get details of the functions performed by the British Museum Library so as to be of guidance in the proposals to be put forward by them for acceptance by Government. The Central Library should be mainly a reference library and books should not generally be lent out. While my Committee favour the establishment of a Central Library in Bombay in order of priority, they are not opposed to proposals for having regional libraries at other centres in due course. A start must be made with the Central Library and the plan could be extended to other centres as and when the resources in the hands of Government permit such expansion.

Question 2: My Committee are not in favour of the library of the Royal Asiatic Society being used as a neucleus of the proposed Central Library in Bombay. The said Library by the very nature of its membership concentrates on the acquisition of publications and literature suitable for its members, such as works of fiction, general literature, etc. Moreover, the library of the Society depends on the revenue from annual subscriptions from its members, the rate of which is beonyd the general public. My Committee feel that Government should start the Central Library under their own management and control and provide the necessary finance from the general Revenues of the Province.

Question 3: In the opinion of my Committee Regional Libraries though of importance, in view of the financial commitments, Government will have to move slowly in the matter. As already observed, Government should confine their attention to the starting and creation of a Central Library in Bombay. Copyright books, so far as they are received in the Presidency are concerned, should be available for being kept at the Central Library. Arrangements may also be made to keep files of important newspapers and periodicals.

Question 4: Regarding technical and special libraries, as my Committee have observed in the preliminary remarks above, special attention should be paid to the creation of a wing in the Central Library for commercial and economic publications. Regarding other technical subjects, a certain amount of general literature may be provided, and highly specialised literature may be left to be collected by professional organisations representing such technical interests.

Questions 5 & 6: These are matters of detail which should be determined in relation to the resources which can be made available by Government for the purpose.

Question 7: The necessary finance should be met from the General Revenues of the Province. In the opinion of my Committee the Central Library should be under the control and management of the Provincial Government.

APPENDIX 124

Appointment of Non-Indians in Civil Departments Connected with the War Work.

Letter No. 1958, *dated 24th August* 1940, *from the Chamber to the Home Department, Government of India, Simla.*

I am directed by my Committee to bring to the notice of Government the feeling of dissatisfaction and disappointment existing in commercial circles on account of the policy of the Government of India in continuing to appoint non-Indians to almost all the important posts in the Civil Departments connected with the war work.

My Committee had in their telegram, dated 25th October 1939, addressed to the Commerce Department of the Government of India protested against the appointment of Sir George Campbell as the Controller of Shipping in India. They had therein also suggested that an Indian gentleman holding high position in shipping and conversant with Indian shipping should be associated with him on an equal footing in his func-

tions and duties as Controller of Indian Shipping. No action was taken by Government on this suggestion. Not only that, subsequently Government announced the appointment of a Deputy Controller of Shipping ; this appointment also went to a non-Indian.

In the Department of Defence Co-ordination, in the War Supply Board and in the War Transport Board, Indians have been excluded from all key posts and the departments may be said to be manned *almost* entirely by Europeans. In the Department of Supply, the posts of the Director-General of Supply, the Deputy Director-General of Supply, the Secretary, Deputy Secretary, the Director of Administration, Director of Development (Textile), Director of Indents and Priority and even of technical officers are all held by non-Indians. An announcement issued last week further mentions that two additional Deputy Directors-General—both non-Indians—have been appointed in the Department of Supply, one in charge of munitions and the other in charge of Engineering. It is impossible to believe that suitable Indians could not have been found for any of these posts. Special appointments such as Controllers and Deputy Controllers of Enemy Firms, Custodians and Deputy Custodians of Enemy Property, Controller of Textile Purchases, etc., have also gone to Europeans.

Recently the Department of Supply constituted Provincial Advisory Committees for war supplies in the different provinces. In Bombay also a similar Committee was constituted. In the first intimation received by my Committee from the Government of Bombay regarding the proposed appointment of such Advisory Committees it was mentioned that such a Committee would include " a representative of the Shipping Industry (to be nominated by Government)." The natural presumption was that the representative would be drawn from the Indian Shipping Industry. This expectation was, however, soon belied and the Government of India announced shortly thereafter that a representative of Messrs. Mackinnon Mackenzie & Co., had been appointed on the Advisory Committee to represent shipping interests.

In the non-Official sphere Advisors and liaison officers appointed to the Supply Board have *almost* all been drawn from the British commercial community. Mr. P. S. Macdonald of Calcutta is appointed Controller of Jute Purchases, Mr. P. F. S. Warden of Messrs. Jessop & Co., as Advisor on Engineering Supply, Mr. W. R. Watt of Cawnpore as Advisor on Wool Supply and Mr. A. F. Finlow of the Imperial Chemical Industries (India) Ltd., as Advisor on Dyes, etc. Messrs. Ralli Bros., and Messrs. Binny & Co., both foreign firms have been appointed agents for the purchase of wool required by Government. Similarly, a foreign firm has been appointed agent for the purchase of requirements in regard to leather goods. Instances could be multiplied. It cannot be seriously suggested that in the non-official commercial sphere Indians of suitable experience could not be found to be entrusted with such work.

It is a matter of deep regret to my Committee that Indians are thus kept out of the various departments and agencies created for purposes of the war. My Committee hope that Government will be pleased to liberalise their outlook and appoint suitable Indians to important and responsible positions in Departments dealing with war work.

APPENDIX 125

Representative on War Supplies Advisory Committee, Bombay.

Letter No. 3716|339-*G* (*Spl.*), *dated* 14*th June* 1940, *from the Secretary, General Department, Government of Bombay, to the Chamber.*

I am directed to state that at the instance of the Government of India, the Government of Bombay proposes to appoint an Advisory Committee in Bombay for the purpose of assisting the Government of India in War Supply matters and for facilitating the co-operation of commercial interests.

It is intended that the composition of the Committee should be as follows :—

The Adviser to His Excellency the Governor of Bombay in charge of Industries.—*Chairman.*

The Controller of Supplies, Bombay.—*Vice-Chairman.*

Members:

A representative of the Bombay Chamber of Commerce.

A representative of the Indian Merchants' Chamber.

A representative of the Bombay Millowners' Association.

A representative of the Shipping Industry (to be nominated by Government).

The Director of Industries, Bombay Province.

The Commissioner of Labour, Bombay.

2. The Controller of Supplies appointed by the Government of India at Bombay, who will be the Vice-Chairman of the Committee, will be the principal local representative of the Department of Supply for the Bombay Presidency, his task being to supervise and co-ordinate all activities of the Department.

The non-official members of the Committee will represent the principal local interests likely to be affected by, or interested in, the dealings of the Department of Supply, and will, it is hoped, serve as a channel through whom the various sections of the commercial and industrial community will be able to express their views, and if necessary to indicate to the Government of India ways in which Bombay's potentialities for war supply may be more fully utilised.

3. I am to express the hope that your Chamber will assist the Government of Bombay in this matter and, if so, to request that you will be so good as to move it to appoint a representative to serve on the Committee, and to communicate to this Department the name of the gentleman selected as soon as possible.

Letter No. 1352, *dated* 19*th June* 1940, *from the Chamber to the Secretary, General Department, Government of Bombay.*

I am directed by my Committee to acknowledge receipt of your letter No. 3716|33-G(Spl.), dated the 14th June 1940, on the above subject and in reply to say that they have nominated Mr. M. C. Ghia, M.L.A., Vice-President of the Chamber, as their representative on the Advisory Committee. Mr. Ghia's address is as under :

M. C. Ghia, Esq., M.L.A.,
28, Apollo Street, Fort,
Bombay.

APPENDIX 126

Draft Resolutions for the 13th Annual Meeting of the Federation of Indian Chambers of Commerce and Industry.

Letter No. 345, *dated* 8*th February* 1940, *from the Chamber to the Federation of Indian Chambers of Commerce and Industry, New Delhi.*

With reference to your circular letter No. F. 2 of the 2nd January, I am desired to send to you herewith Resolutions on the following subjects for being tabled at the forthcoming Annual Meeting of the Federation.

(1) Political situation.
(2) War and development of Industries.
(3) Price Control.
(4) Co-ordination of labour legislation and unification of labour standards.
(5) Closer contact between Industry and Research.
(6) Insurance legislation in Indian States and Burma.
(7) Restriction on exports.

The text of the first six resolutions are enclosed. The text of the seventh will be sent to you in a day or two.

Resolutions for the 13th Annual Meeting of the Federation

1. Political Situation

The Federation of Indian Chambers of Commerce and Industry views with concern the developments in the political situation in the country, which led to the breakdown of the constitutional machinery in eight Indian Provinces and to the anachronism of Government by Executive fiat in seven Provinces which means a great set-back.

The Federation supports the national demand for the clarification of war aims and their application to India and for a clear and definite declaration regarding the goal and the future stages of constitutional development in the country.

The Federation appeals to His Majesty's Government and to His Excellency the Viceroy to bring about a settlement of the deadlock by conceding the just and legitimate demands of the country.

2. War and Development of Industries

The Federation urges upon the Government of India that the opportunity presented by the war for fostering and developing industries in the country should be taken immediate advantage of and a planned programme for starting and developing new industries should be devised in consultation with leaders of commerce and industry in the country.

3. Price Control

The Federation reiterates its conviction that, having regard to the fact that a slump in Indian agricultural prices lasted for over a decade leaving the Indian cultivator in a highly impoverished state such that the agriculturist could not even realise sufficient for covering his costs and payment of Government dues, it is undesirable at this juncture to take any steps to check a rise in the prices of agricultural commodities when the primary producer is at last able to start recovering from the long continuing spell of unrelieved depression.

4. Co-ordination of Labour Legislation and Unification of Labour Standards

The Federation notes with satisfaction that the necessity for co-ordinating labour legislation and standards on an all-India basis had been recognised and is engaging the attention of the Government of India.

The Federation recommends the establishment at an early date, of an Industrial Council composed of representatives of the Central Government, Provincial Governments, Indian States, of Employers and of Labour, as providing a machinery to bring about and achieve such co-ordination.

5. Closer contact between Industry and Research

The Federation recommends that the Government of India should take early steps to institute a machinery for establishing liaison between research and industry with a view to the economic utilisation of the results of scientific research in applied work and to correlate the research work being conducted at the various research centres and institutions to the industrial needs of the country.

6. Insurance Legislation in Indian States and Burma

The Federation invites the attention of the Government of India to the difficulties experienced by Indian Insurers by the enactment of Insurance Legislation in Indian States and in Burma, and requests that necessary steps be taken to bring about reciprocal arrangements as would result in the removal of such difficulties.

Letter No. 392, *dated* 13*th February* 1940, *from the Chamber to the Federation of Indian Chambers of Commerce and Industry, New Delhi.*

With further reference to your letter No. 2 of the 2nd January, I am sending to you herewith an additional Resolution on the subject of Shipping.

The Federation of Indian Chambers of Commerce and Industry is strongly of opinion that as national shipping is essential as an instrument of India's national economic policy and as India's second line of defence, India should have without any delay a large efficient and fully developed shipping of its own serving all its maritime trades and owned, controlled and managed by its own nationals. The difficulties recently experienced in connection with India's import and export trade and the disorganisation of its important passenger traffic particularly on the West Coast emphasises more than before the imperative need of India possessing a large and powerful Mercantile Marine of its own. The Federation therefore deeply deplores that in spite of the declared and recognised responsibility of the Government of India for helping India to build up such a Mercantile Marine in this country neither have the Government of India taken any effective steps to help national shipping concerns in securing substantial participation in India's maritime trades, coastal and overseas, nor have they laid down any policy or evolved any plan for achieving that object which every maritime country having a national Government has done and has been doing for its own nationals.

The Federation in this connection has also to lodge its emphatic protest against the recent action of the Government of India in ignoring the just claims of the Scindia Company in connection with the quota allotted to it in the Haj Traffic and has to emphasise its considered opinion that the occasion either of State intervention or State control should not be utilised to the detriment of national shipping but should be fully used for advancing the cause of that shipping in this country.

The Federation also views with grave concern the deadlock that has arisen in the revision of the agreement between the national shipping and the British Shipping Lines and earnestly requests the Government of India to use all their influence in securing the necessary expansion of national shipping in India's maritime trades in connection with that

agreement in accordance with all their past promises and assurances.

The Federation welcomes the enterprise of the Scindia Company for starting a Shipbuilding Yard in India and strongly appeals to the Government of India to help that national concern in the starting of this new industry which is essential in the interests of India from every point of view.

Letter No. 387, dated 13th February 1940, from the Chamber to the Federation of India Chambers of Commerce and Industry.

In continuation of my letter No. 345, dated 8th February 1940, I am sending to you herewith the text of the seventh resolution, viz., Restriction on exports, as mentioned therein.

7. Restrictions on Exports

The Federation wishes to draw the attention of the Government of India to the growing dissatisfaction against the war-time restrictions on exports from India. While the Federation recognises that a measure of Government control may be necessary or inevitable in the interests of the successful prosecution of the war, such control should be reduced to the minimum and should be imposed only where it can be shown that the object to be attained cannot be achieved in a less disturbing way. Furthermore, the details of such control as also the administrative machinery for working and enforcing the same should be settled in consultation with representative trade organisations. India has an exportable surplus of a variety of raw materials and the importance of preserving the export markets, finding new ones in place of those lost in enemy territory and of securing a full and fair share of the additional demand set up by the war should not be lost sight of in any attempt to formulate and enforce policies guided mainly and solely by military considerations.

The Federation recommends that in case of prohibition, restriction or control of India's exports, the Government of India or failing them, the British Government should arrange to buy up the export surpluses.

The Federation further requests the Government of India to organise an Export Council, with a majority of Indian manufacturers and exporters, preferably located in Bombay, with functions similar to those assigned by the British Government to the Export Council in the U. K., to devise effective ways for increasing India's exports.

The Federation further requests that as exports or sales of Indian wool are confined to or through Government agency, any profits accruing to either the Government of India or the British Government on account of any resales of such controlled wool should be shared between Government and the sellers or exporters concerned.

Letter No. 565, *dated 2nd March* 1940, *from the Chamber to the Federation of Indian Chambers of Commerce and Industry, New Delhi.*

With my letter No. 387, of the 13th instant, I forwarded to you a Resolution on restrictions on exports for being placed on the Agenda of the forthcoming Annual Meeting of the Federation. It is, however, found that in regard to the last paragraph thereof, a change in the wording is necessary. The words "be shared between Government and the sellers or exporters concerned" should be substituted by the words "be passed on completely to the Indian sellers or exporters concerned." After this change, the last paragraph would read as under :—

> "The Federation further requests that as exports or sales of Indian wool are confined to or through Government agency, any profits accruing to either the Government of India or the British Government on account of any re-sales of such controlled wool should be passed on completely to the Indian sellers or exporters concerned."

Please, therefore, do the needful in the matter.

APPENDIX 127

Indians interned in Paris.

Letter No. 2787, dated 10th December 1940, from Chamber to the Department of External Affairs, Government of India, New Delhi.

The Committee of this Chamber are informed that some of the Indian merchants long since resident in Paris have been interned by the Germans. Some of these interned persons are even with their wives and children. A telegram to this effect has been received from one merchant, Mr. Cooper, who is at present, it seems, residing at Avignon in France.

My Committee, therefore, approach the Government of India, with a request that they will be pleased to inform them as to whether it is possible to do anything in the direction of relief for these Indian internees. If it is possible to do so, they hope that the Government of India will be pleased to take such steps as it is possible to take for the release of these Indian merchants and their families.

Letter No. F. 665-X|40, dated 10th March 1941, from the Department of External Affairs, Government of India to the Chamber.

I am directed to refer to your letter No. 2787, dated the 10th|11th December 1940, and to state that His Majesty's Government have been addressed and they are taking such steps as are possible in the matter.

APPENDIX 128

Third Annual Dinner of the Chamber held on 29th January 1941, at the Willingdon Sports Club.

The third Annual Dinner of the Chamber was held on 29th January 1941, at the Willingdon Sports Club. Prominent among those invited were :—Mr. Mathuradas Tricumji (Mayor of Bombay), Sir Chimanlal Setalvad, Mr. Manilal B. Nana-

vati, Sir M. Visvesvaraya and Sir Rahimtoola Chinoy. About 140 members participated in this annual function. Mr. Chunilal B. Mehta, the retiring President of the Chamber welcomed the guests on behalf of the members and thanked them heartily for having consented to be present on the occasoin. He referred to the unhappy conditions that were prevailing in the country as a result of the war as well as on account of the uncertain internal political situation of the country and hoped that when they next meet, the dark clouds overhanging would have disappeared. Mr. Mathuradas Tricumji, the chief guest at the function responded in suitable terms.

APPENDIX 129

Speeches at the Quarterly General Meetings

Speech of Mr. Chunilal B. Mehta, President, Indian Merchants' Chamber, at the First Quarterly General Meeting of the Chamber (4th May 1940)

GENTLEMEN,

I have great pleasure to welcome you all to this First Quarterly General Meeting of the Chamber. The report of the work done by the Committee during the quarter has been with you in the form of excerpts from the proceedings published in the *Journal* of the Chamber.

The first quarter of the year is generally deemed to be of great importance to the business community in particular and the public in general as the Budgets of both the Central and Provincial Governments are considered during the period. The Provincial Governments, however, of seven provinces are in a state, if I may say so, of suspended animation and their budgets were prepared by the respective Governors of the provinces and were merely issued to the public in the form of a statement. The Budget of the Central Government was, as usual, published and discussed in both the Houses of the Central Legislature, though it must be said and you will agree with

me that in the absence of the Congress representatives in both the Houses the proceedings were more or less stale and Government had an easy task before them in carrying out what they wanted to do.

The most interesting point about these budgets is the taxation proposals. As soon as a man gets a copy of the budget in his hands, the first question he asks is, are there any fresh proposals for taxation and if so, what ? In the way in which the administration of the country is being conducted for the last several years, these ordinary expectations about there being always some new form of taxation or other come true. There are but few periods when there is no fresh proposal for taxation and this year also there was the Excess Profits Tax and proposals connected with the excise on sugar and petrol. Here I should like to deal with the Excess Profits Tax.

Excess Profits Tax

This piece of legislation in the process of being moulded through the various stages of the legislative anvil, viz., the Select Committee, the Assembly and the Council of State, has been substantially modified in favour of the assessee. While the commercial community still feels unconvinced regarding the necessity for, or the desirability of, such a form of additional taxation at this juncture, it must be readily conceded that the Hon'ble the Finance Member, by accepting the various modifications in the original proposals in the light of difficulties and objections pointed out by the commercial community, has removed some of the features of the tax which would have done irreparable harm to the commercial and industrial interests of the country. In the past it was the general experience of the commercial community that the official world always showed an inclination to ride roughshod over their views, sentiments and difficulties ; the spirit of sweet reasonableness shown on this occasion therefore by the Hon'ble Sir Jeremy Raisman, the Finance Member of the Government of India, was a matter of agreeable surprise. I

hope it will be appropriate if I were to voice here the general feeling of appreciation on the part of the commercial public of the attitude taken by the Hon'ble the Finance Member in this matter and to express the hope that in future also in similar matters the same respect and consideration for public opinion and public requirements will be shown.

Before I proceed to discuss some of the more important changes made in the Excess Profits Tax legislation, I would like to take this opportunity of acknowledging publicly the good work done by the Deputation from the Chamber led by your Vice-President, Mr. M. C. Ghia, and consisting of Mr. A. D. Shroff, Mr. D. D. Shroff and Mr. Mangaldas B. Mehta, which went to Delhi to acquaint Government and the members of the Legislature with the views and difficulties of the commercial community in regard to this tax and the manner and method of its levy.

I shall now briefly refer to the more important modifications which were agreed to by Government and passed by the legislature. The first, and in my opinion, the most substantial improvement is in regard to the inclusion of 1938-39 in combination with 1937-38 as an additional option for determining standard profits. While the general demand was that the year 1938-39, being the peak year, should have been granted singly, yet even the present position of combining that year with the year 1937-38 is a distinct improvement. But for this change, the incidence of the tax on many industries and undertakings particularly on this side of the country would have been much heavier, as periods originally prescribed for determining standard profits were, with rare exceptions very lean years for business and industry. The tax is made applicable to profits made after 1st September 1939 and not from 1st April 1939 as proposed originally in the Bill. The former date corresponds to the date of commencement of hostilities and at all events as the levy was ostensibly intended on profits due to conditions arising out of the war, there would have been no excuse to tax profits made in any period prior to that date. Even here the commercial community

contended that war profits should normally be deemed to arise only after the war had been in progress for some time and they had suggested that the levy should not cover any period earlier than 1st April 1940. The exemption limit has been finally raised to Rs. 36,000 from Rs. 20,000. This would mean that business and undertakings of a smaller scale or with smaller profits will not be liable to the tax. Business of life insurance has been excluded from the pale of the tax and the very important principle of affording the legislature an opportunity to annually review and determine the need for the continuance or otherwise of the tax has been conceded. The statutory rate for new business started after December 1938 has been increased by 2 per cent and provisions for giving special consideration to the needs and requirements of pioneer and new industries have been included. Like is to be compared with like and profits of a business during the standard period are to be computed and determined in the same manner as the profits of that business would be so determined under the Income-tax Act as amended, notwithstanding the fact that during the said standard period the amended Act was not in force. Thus, for instance, in the case of foreign profits if such profits are taken into account during the chargeable period for purposes of the Excess Profits Tax, they must also be included in the standard period for determining standard profits, although, then foreign profits were not liable to tax except on the basis of remittance to India. Enabling provisions have been included which will entitle an assessee to apply firstly to the Board of Referees and secondly to the Central Board of Revenue to allow standard profits on a basis other than that fixed by the Act where the particular circumstance of such business or industry justify or necessitate some special treatment. The provision for this special relief, if administered sympathetically, will go a long way in mitigating the hardships that might otherwise result to new and pioneer industries or business from a strict application of the ordinary provisions of the Act. The peculiar position of shipping industry during times of war has also been recognised and a provision for treating sale proceeds of ships, amounts

of compensation received in respect of ships sunk and accumulation of reserve as capital for purposes of determining standard profits, has been included.

It must also be acknowledged that during the course of the consideration of the Bill by the legislature, Government gave certain important assurances regarding certain aspects of the tax and its levy as affecting particular interests ; in particular the Hon'ble the Finance Member was at pains to assure the House of his anxiety to see that in administering the Act every care be taken to deal with the assessee with consideration and sympathy and that the assessees should have no occasion to feel that they were being oppressed or harassed. Let us hope that these assurances would be followed by strict instructions to the various departments and that they would be implemented in the spirit in which they were given.

In thus describing the details of the gains achieved, I do not wish to give out the impression that all is well with this levy now ; there are still several points on which the commercial community would like the Act to be amended. It is a question of choosing the lesser evil and compared to the proposals as originally mooted, the final provisions are distinct improvements. One important point on which the suggestions and views of the commercial public have been completely ignored is in regard to the rate of the tax. We felt that a 50 per cent levy from the start was too heavy a burden. A tax on the basis of this rate being a *fait accompli* no reasons whatsoever should justify Government henceforward to raise this percentage.

Industrial Research Board

The Hon'ble Sir A. Ramaswami Mudaliar, the new Commerce Member, speaking recently in the Central Legislative Assembly chalked out a plan for an Industrial Research Board. Such Boards are in existence in all civilised countries and even if they are not in existence they are at once created *ad hoc* when an emergency comes off. It is something that Government have now recognised the necessity of having such a

Board in this country ; but there are one or two aspects of the same, about which I should like to speak here. The Board is evidently meant for advising Government on proposals for instituting specific researches and the lines on which a co-ordination of India's industries should be carried out, particularly those the importance and possibilities of which have been prominently brought into the foreground as a result of the war. The need and urgency of an institution like the one instituted at this stage would not have been more opportune than at a time when imports of essentials for further industrial advance are so uncertain and likely to be delayed. Canada established such a Board as far back as 1916. Japan and Australia, on the other hand, instituted their Industrial Research Boards in 1919 and 1926, respectively. It may be mentioned here that the expenditure to run the institutions is financed both by industrialists and Governments of their countries. In U. S. A., e.g., industrial research is financed largely by the industries themselves. Dr. William A. Hamor of the Mellon Institute observes, in this connection, that nearly 32,000 scientists and engineers were engaged in Industrial surveys in America and as many as 50 per cent of them concentrated their attention on Chemical, Petroleum and Electrical devices. One of our biggest problems is to have a proper co-ordination and co-operation, and a closer contact and liaison between industrialists and scientific workers. Such a co-ordination can be brought about to the most satisfactory extent by Government, though industrialists also can help forward the movement just as they do in Manchester by their own collective and combined efforts. The amount which Government have proposed to set apart is Rs. 5 lakhs for the next year's budget—an amount which seems to be extremely small and insignificant, if we look at the enormity of the task before the Board. I am afraid that with this amount on hand, it will be perhaps possible only to help and assist scientific research with regard to chemicals which are useful and essential for war purposes, and even with regard to that the amount will not be found sufficient. What then, however, about the problems

—very deep and complicated problems—regarding industrial chemicals, coal tar distillation, dyes, medicinal chemicals, textile auxiliaries, etc. ? Government can and should set apart a far larger amount, if they really want the country to be benefited by such a research work and by such co-ordination between industrialists and scientists. Every Province has got now-a-days some laboratories and some scientific institutions, and I am glad that the new Board has commenced to bring about a co-ordination of the activities of all such scientific institutions and laboratories in order that there may be no overlapping of work and in order that there may be a complete co-operation and fusion of aims and objects.

Fiscal Policy

Such Research Boards will not, however, be very useful, unless there is a change made in the Fiscal policy of the country, which at present rests on the principle of "discriminating protection." The waste of time and energy in the present procedure, let alone everything else, is a sufficient and weighty argument why the policy should be changed. An industry has to make up a case, and a very strong case, and place it before the Government of India, before they refer it to a Tariff Board, and such a reference to the Tariff Board and its enquiry again, and submission of its report to Government, all take time, a pretty long time too ; and after all this, as has happened in the past with regard to several industries, Government may sit over the reports of the Tariff Board for a pretty long time. Only recently, we had the instance of the report of the Tariff Board regarding Silk Industry seeing the light of the day two years after its submission to Government. There was a similar case about the report with regard to the Heavy Chemical Industry. In short, the conditions laid down by the Fiscal Commission for protection of industries should be liberalised, and Government should announce their industrial policy at an early date. For the last six months that the war is going on, Government spokesmen have expressed themselves vaguely in favour of industrial

development ; but what is required is a definite chalking of a policy of industrial development. Speaking recently at Delhi before the Annual Meeting of the Federation of Indian Chambers of Commerce and Industry, I stressed the importance of so changing the fiscal policy of the country as to provide for scientific protection, as against the present discriminating protection. I should like to urge that those articles which are necessary for running Indian industries should be allowed quite free, or at a very small import duty, such as raw materials, machinery and other equipment which cannot be manufactured in this country. There should be a separate Schedule of import duty for those articles which are semi-manufactured, and a third Schedule for articles which directly compete with Indian manufactures and against which there should be a substantial revenue duty, even though it may not be given the name of protection. What we want is not only this adjustment of tariffs, but also a permanent Tariff Board on the lines of American or Australian Tariff Commissions. The Governments of those countries are not satisfied with merely a report or two from the Tariff Commission, but the Tariff Commissions have dealt with hundreds of cases during the year with regard to matters of tariff. Such a Tariff Board or Commission, permanently constituted and suggesting day after day changes or amendments in the tariffs would be the best solvent for our difficulties and would prove a great step forward for the industrialisation of the country. Judged from the standard of advanced countries, India is still in a backward condition industrially, which was seen at the time of the last Great War and which is again observed at the time of the present war. While we have got four or five major industries, we have not got any of the big Defence industries ; nor have we developed so many major and minor industries which go to make up a modern industrial nation. Thus, we have not got the manufacture of armaments, shipbuilding, locomotives and workshops for bigger railway engineering ; nor have we got any plant for the manufacture of machinery for textile, sugar and other industries which we have tried to develop. Nor have we got the industry for

manufacturing heavy chemicals and several other industries, big and small. The time has, therefore, arirved when the Government of India should revise their fiscal policy in the light of world developments and adopt a policy of scientific protection.

Restriction on Exports

Ever since the beginning of the present war, our businessmen have got to say something or the other regarding the export policy followed by the Government of India. We all realise and appreciate the difficulties of Government departments during the war time, and it need not be assumed that just because merchants make complaints they do not or will not appreciate Government's difficulties. As was pointed out sometime back, even the London Chamber of Commerce criticised the restrictions and limitations imposed by His Majesty's Government. The British Government themselves have made it very clear that they not only want to keep up the export trade of England, but want to develop it as far as possible. We have drawn the attention of Government, time after time, to the restrictions and limitations placed by Government here on the exports. Our staple exports are agricultural products, and some manufactured products. Complaints at present, however, have arisen with regard to exports of agricultural products. The restrictions and limitations were in the nature of requirement of priority certificates, want of freight, rules and regulations regarding freight distribution, control of export trade with neutral countries, etc. We have in our correspondence with Government given illustrations of these restrictions and other inconveniences to the business public. Our chief contention throughout has been that there must be responsible special officers appointed in the major port centres as, without such, the local officials have to wait for instructions from the Headquarters of the Government of India, which naturally means delay. Recently, Government prohibited the export of all oilseeds to neutral countries. The announcement came as practically a thunderbolt to the mar-

kets, which declined at once. Your Committee protested against the ban and drew the attention of Government to the adverse effects on the prices of oilseeds. It was indeed good and fortunate that the very next day, the Hon'ble the Commerce Member, offered an explanation which created a better understanding. Such understanding however by itself is not sufficient. It will be helpful only if Government announced their decision to give practical support to the agriculturists by announcing minimum prices at which they would be prepared to purchase their stocks should an emergency arise.

I am glad that now the Government of India have announced that they have received assurances from His Majesty's Government that the prices paid for these seeds will be based on parity of prices prevailing for linseed and rapeseed in Argentine and for castorseed in Brazil, due account being taken of the normal premium of Indian prices over such prices and in cases where such premium exists, that they see no reason to fear any lack of shipping to lift their requirements of these seeds and that their intention was to continue the purchases through normal channels.

I should like to welcome the step which has been taken in this connection by Government in the appointment of an Export Advisory Board, which was announced by the Hon'ble Sir A. Ramaswami Mudaliar, the Commerce Member in the Council of State. This is as it ought to be, and I am really glad that the Hon'ble the Commerce Member has appreciated the difficulties of the business community and has also tried to allay the fears and apprehensions of the agriculturists regarding depression in the prices which might come about as a result of the export policy. An Export Council has been instituted in England, and I should strongly suggest that such Boards should be instituted not only at the Headquarters of the Government of India, but also at the major port centres, so that there may be always a close co-operation between officials and representatives of the commercial community.

War Regulations and Indian Requirements

It is a heritage of the past that any step taken by the British Government, either in the legislative or in the executive sphere, finds its counterpart in India, and is considered good and necessary for this country also. This is more so in the spheres of Finance and Economics and also trade, commerce and industry. It is, however, necessary to point out that in regard to the solution of problems presented by the war, the two countries are placed on an entirely different footing, that steps which may be considered necessary or desirable in Great Britain for the preservation of her economic equilibrium during the period of war may, besides being unsuitable to India, result in doing positive harm to this country. Great Britain depends, to a large extent, for supplies of foodstuffs and other necessaries on imported sources. She is equally dependent on such sources for her requirements of raw materials for industries. The war has led to a greater demand for all these articles, mainly for use in directions connected with the prosecution of the war. The need for such an abnormal supply necessitates some control on private consumption, as also steps to regulate the prices of articles, with a view to avoid abnormal expenditure on acquisition of supplies and with a view to avoid any inflationary policy which such a state of affairs might result in. There is also the question of financing the war, which involves additional direct taxation of a very heavy character and which, in turn, would be possible only by checks on private spending.

In India, however, the conditions are entirely different. We have an abundant supply of foodstuffs and raw materials required by other countries. We were for a long time suffering from the absence of adequate demand for these materials, which had led to a great decline in the prices of such commodities, with the result that it was almost difficult for the primary producer to get in return even his cost of production. There has been no problem of shortage to be met with in any direction, and therefore, the question of any steps or plans to reduce consumption does not arise. The above difference in

the position of the two countries requires that the problems connected with the war should be met with by a different set of conditions. Steps to control prices or restrictions on our exports will, in the case of this country at this juncture, deny to her the legitimate opportunity of making good adverse results of lean years through which the agriculturists of the country and the trade passed. All war-time regulations which Government may consider necessary must be looked at and judged from this angle. Whether it be exchange restrictions or restrictions on exports ; whether it be the provision of shipping space or the grant of priority facilities ; whether it be fixation of prices in respect of controlled commodities or commandeering of supplies for war purposes, the opportunity presented by the international developments should be availed of for improving the economic condition of the masses in this country and for securing to them a greater money income. Later on, it will be necessary also to devise ways and means, whereby the increased income resulting from the demand for India's staple products and the better prices therefor are stabilised in the pockets of the people and, when so stabilised, is released for use in a planned programme of national reconstruction. This larger outlook for the future of this country, we hope, will not be cramped by any immediate considerations of expediency.

In their anxiety to avoid inflation, Government should not take any steps, which would tend to restrict credit or cause a tightening in the money market resulting in any adverse effects on the prices of raw commodities. In England, every effort is being made to prevent inflation. We have no need to be so very touchy about inflation setting in here and the present possibilities for developing our trade and industries should be tapped to the fullest extent.

Provincial Committees to Advise the Supply Department

There is great necessity for having Committees in Presidency towns to act in concert with the Supply Department, and I am glad to observe that the Department of Supply

has set up an Advisory Committee for war supplies of Supply has set up an Advisory Committee for war supplies in Bengal. A press note announcing this states : "With the progressive increases in the purchase of war supplies from India, it was natural that the increases should be reflected in the markets and manufacturing establishments of the Calcutta area." The main purpose of this Committee referred to will be to serve as a liaison link between the Department of Supply and the Provincial Government and commercial market and shipping community in Bengal. Its main function will be advisory, but in a varied measure it will be called upon to consider co-operation with many interests involved for the general purpose. The Committee will consist of representatives of Government, as also representatives of the principal Chambers of Commerce of Calcutta. The press note further says : "As demands develop similar or appropriate organisations will be brought into being in various parts of India." The Department of Supply met with more or less a strong criticism in both the Houses of the Central Legislature, and it is but fitting and proper that for a Department, transactions of which have been large and will be still larger if the war goes on, there should be a proper understanding and liaison with the business community. In fact, it is in the interests of the successful prosecution of the war that the relations between the business community and Government should always be cordial and friendly, and that there should be no tinge of suspicion on one side, nor of bureaucratic arrogance on the other. I strongly, therefore, urge that such an Advisory Board should now be set up in Bombay, Madras and Karachi also.

Monthly Trade Statistics

As a result of the war, Government are obliged to take several steps. One of these has been the suspension of the publication of the Monthly Accounts relating to the Seaborne Trade and Navigation of British India. Such a step has been taken, it is said, to prevent detailed information relating to movement of Indian trade and shipping from reaching the

enemy. I quite agree that in time of war no such information should reach the enemy ; but, at the same time, suspension of such a publication of trade statistics might harm the country more than its continued publication proving useful to the enemy. We have to prevent the leakage of information going to enemy ; but we have at the same time to see that such a remedy does not prove worse than the disease. Trade statistics prove one of the most potent instruments for the development of trade and industries. Surely, the development of trade and industries are vital for the successful prosecution of war even for a country like India. For instance, publication of figures of daily receipts of cotton in Bombay has been stopped. We cannot understand what these figures have to do with the war. It is hoped that arrangements for publishing the same will be resumed.

Silver

The rise in price of silver in the London market led to a large scale local demand. The Government of India adopted a policy of selling silver in the country. The increased trade activity on account of the stimulus given by the war resulted in a large use of and demand for silver coin particularly of smaller denominations. The demand thus set in for this metal has led Government to conceive steps for economising the use of silver for currency purposes. In the current session of the Legislature the Indian Coinage Act of 1906 was amended whereby, the coining of a new four anna silver piece with 50 per cent silver and 50 per cent alloy was authorised as against the existing fineness of 11|12ths to 1|12th of alloy. The question has been raised in certain quarters whether this process of debasing the silver coins will be pursued further and whether the Half Rupee and the Rupee silver coins will also come in for some such treatment. Although all the coins in question are token coins, their value or price not being correlated to the silver content, it is necessary to strike a note of warning that public confidence in these coins as a measure of value will be upset if any such further debasement is pro-

posed. With the illiterate masses, sentiment plays a large part. The Coinage Amendment Act of 1919 authorised the coining of a nickel Half-Rupee. But this coin found no favour and ultimately it had to be withdrawn from circulation. Similarly the experiment of introducing a nickel four anna coin also did not succeed as, due to large attempts at counterfeiting, it fell from grace and even the limited number under circulation changes hands not very freely. While, therefore, any steps for conserving the stocks of silver may be necessary, it should not be by short cuts of the kind in question which would tend to raise doubts in the minds of the average public in regard to the stability of the monetary system of the land.

The Budget speech of the Finance Member for the current year contained the information that the proceeds of the sales of silver during the year 1939-40 have gone to reduce very considerably the outstanding balance of the Silver debt which on 1st April 1939 stood at approximately Rs. 48 crores. It would be of interest to know what the silver debt is and how it was incurred. The silver holdings in the Paper Currency was valued in the currency accounts at the rate of one rupee for every tola. When Government sold out silver from such reserves at market rates prevailing from time to time, the difference between this book value and the actual realisations was treated as a loss and carried into a separate account. On 1st April 1935, the date on which the Reserve Bank was established the above loss or debt stood at a figure of 44.61 crores. Under Section 36(1) of the Reserve Bank of India Act, the Bank can at its option return every year, from the Issue Department, surplus rupee coin to the extent of 5 crores. *Ad hoc* Treasury Bills are issued to the Reserve Bank against such return of coin and the value of bills so issued is added to the Silver Debt. It is, however, possible that within the increased demand for currency that has recently set in, the Reserve Bank may not have to exercise its option of surrendering coin in exchange for Treasury Bills for some time and there may not be therefore any addition to the Silver

Debt shortly. On the contrary, if Government sales of silver at improved prices continue the proceeds of such sales will go to further diminish the debt under this heading.

The question whether silver will stage a come back is one very difficult to answer. It is recorded in Genesis xxiii, Verse 16, that Abraham bought from Ephron a field in which to bury his dead for "four hundred shekels of *silver* current *money* with the merchants." The white metal, with such pre-historic past may still have, beneath its placid and innocent surface something in the nature of a surprise to confound the expert and his reckonings about its future!

War and Indian Economy

In the financial sphere the effect of the war has been a bit intriguing. The earlier expectations of an era of none too easy money conditions have been falsified and after a temporary period of briskness immediately after the war, conditions in the money market have considerably eased and things may be said to have fairly settled down. Inter-bank call money rate at present rules at $\frac{3}{4}\%$ with plenty of lenders. The rate for short term borrowings is also consistently going down. Thus the average rate for Treasury Bills in April was Rs. 1-7-7 per cent per annum as against Rs. 1-15-9 per cent per annum in the middle of December last and Rs. 2-12-10 per cent per annum in September 1939. Trade demand for funds and Government short term borrowings are the main factors which govern money rates. Both these demands are now on the decline. The falling of in trade demand is mainly due to the decline in the commodity prices since January.

To properly appreciate the financial policy pursued by the Reserve Bank since the outbreak of the war, it is necessary to examine how the demand for funds has been met. In the following table, the relevant statistics are included :

(*In crores of Rupees*)

	September 1, 1939	April 19, 1940	Variations
1. Notes in circulation ...	182.13	241.61	+ 59.48
2. Sterling Securities ...	59.50	116.50	+ 57.00
3. Balances held abroad ...	10.08	24.74	+ 14.66
4. Silver Coin ..	75.87	53.96	— 21.91
5. Schedule Bank's liabilities ...	248.46	259.89	+ 11.43
6. Scheduled Banks-cash resources ..	32.57	26.66	— 5.91
7. Scheduled Banks advances ...	109.51	160.10	+ 50.59

Increased trade demand for funds is apparent from the fact that scheduled banks' advances between September 1, 1939 and April 19, 1940, have improved by Rs. 50½ crores ; while their cash liabilities have increased by 11.43 crores and cash resources decreased by 5.91 crores ; moreover, approximately Rs. 22 crores worth of silver coins have gone into circulation. In the same period the volume of notes in active circulation has gone up by 59½ crores. Currency has been expanded against increased acquisition of sterling. Sterling assets in the Issue Department of the Reserve Bank of India have imporved by Rs. 57 crores and the volume of balances held abroad has gone up by 14½ crores. So far, not so bad. What of the future ? Absence of expansion of currency since the middle of February 1940 has given rise to apprehensions in some quarters. At the moment, trade demand for funds is somewhat subdued. With a spurt in commodity prices, demand for funds may again crop up. It is sincerely to be hoped that currency will be expanded as and when occasions demand.

Communal Peace

Before I conclude, I cannot but refer to the grave situation which has arisen in the country as a result of the communal tangle. It is one of the most delicate questions at present confronting the country, and I believe that it should not be made more delicate or more complicated by thoughtless pronouncements on one side or the other. I shall be, however, failing in my duty, if I do not stress the importance of com-

munal peace from the point of view of the commercial and industrial community. This community is interested in having the country free from internal troubles and, I can say this, that, so far as trade, business and industries are concerned, upto now I have not seen any questions which affect only one community and not the other. If it is heavier taxation, all of us have to pay it; if it is any grievance or difficulty with regard to Railways or Customs, all the businessmen, whether Muslims, Hindus, Parsees, have to suffer therefrom. If India is backward in industrialisation, all of us suffer from the poverty of the land. Even though riots may have occurred at some places and relations might have been strained, yet I find that as between businessmen of different communities, there is always a friendly feeling and good relations. I was, therefore, surprised to read the suggestion of Mr. Jinnah, otherwise a far-sighted political leader, with regard to the partition of this country, a suggestion which is bound to lead to chaos and disaster in the land. Hindus and Muslims have stayed together always in this land, claiming India as their common Motherland, and any movement which aims at having a cleavage between the two communities and partitioning the country into two should be strongly deprecated. I hope and pray that wisdom and light will dawn upon leaders of Indian opinion and there will be soon restored communal concord.

Speech of Mr. M. C. Ghia, Vice-President, Indian Merchants' Chamber at the First Quarterly General Meeting of the Chamber (4th May 1940)

MR. PRESIDENT & GENTLEMEN,

There is not much left for me to say after the elaborate and thorough-going speech of the President. There are, however, a few questions on which I would like to address a few words to you.

COMMUNAL SITUATION

The President has referred in his speech to the question of communal peace and looking to its vital importance to the

commercial community I would also like to make a few observations on the subject. The world at present is passing through one of its periodical convulsions—convulsions as terrible and disastrous as physical convulsions, viz., earthquakes from which it suffers every now and then. The whole atmosphere is surcharged in every country with bitterness and hatred and the dove of peace seems to have flown away from the surface of the earth. We in this country are not free from all these troubles when the whole world is passing through them.

As the President has said, so far as the commercial community is concerned, there has been no question whatsoever upto now of any communal bitterness. Whether it is Hindus or Muslims or Parsees or Christians every businessman has to face the same problems and the talk of partitioning of the country will not be approved by anyone. Specially in this city and this Presidency we are known for the sobriety of our views and our cosmopolitan outlook and there was no communal problem upto now. We all have moved together and surely we should all move closer together rather than drift apart and allow communal forces to separate us. Incidents may have occurred in the past, but they constituted a passing phase and never disturbed the communal peace and happy relations as between the communities. The recent unhappy developments are causing grave anxiety to businessmen of all communities and I earnestly desire that efforts should be made to see that the leading businessmen of the various communities should put their heads together and make an earnest endeavour in the interests of the country to prevent it from drifting from the present stalemate into a morass which may mean disaster. Our commercial leaders should use all their influence with political leaders of all shades of opinion to bring about communal peace and harmony in the country, which is so very necessary for trade, commerce and industries.

Railway Rates and Fares

The recent action of the Government of India in effecting an increase in the charges for Railway transport, both pas-

senger and goods, has again drawn the attention of the commercial public to the need for a thorough reform of the rate structure and for a machinery for adjusting it. It is inconceivable that in any country a taxation to the extent of over 5 crores should have been possible by imposing what amounts to a sur-tax on transport charges and that too, by Executive fiat. The present increases were nothing short of that. The Railways were in no dire need of fresh finance. The increases were devised more as a revenue measure to supplement the general budgetary resources of the country. The time has arrived for setting up some kind of machinery, independent of the Railway administration, which will go into the whole question of our rate structure. The system of rates and fares over the Indian Railways was formulated at a time when the Railways had the monopoly as carriers. It was an extremely unscientific system framed without due regard to the needs of trade, commerce and agriculture.

The practice of effecting increase by executive action and that too guided by general revenue exigencies, must cease. Any proposal for increase should be subject to examination at the hands of an independent body, without whose approval and sanction, no change should be accepted. The Indian commercial community had in the past often asked for the constitution of a Railway Rates Tribunal on the lines of similar bodies, existing in other countries. In the United Kingdom, under the Railway Act of 1921, the rates and charges borne by the users of the Railway are regulated by the Railway Rates Tribunal. The Tribunal investigates grievances against the Railways and its decisions are binding on the administration. It consists of three whole-time members, one with commercial experience, the other experienced in railway affairs and the third with legal knowledge. This body has extensive powers and questions such as the classification of merchandise, through rates, group rates, terminal charges, packing conditions and even such other small details can be investigated and decided by it. In the United States, decisions connected with rates and fares are subject to confirmation by the Inter-State

Commerce Commission. Under the French system also railway decisions affecting rates and fares are subject to confirmation by public authorities.

The Indian counterpart, viz., the Railway Rates Advisory Committee is a poor substitute. The said body has very limited powers and is mainly concerned with complaints about undue preference. The decisions are more or less advisory, it being left to the Railway Board either to reject or to accept them.

The Mill Strike

It is a common saying that all is well that ends well. The Bombay Textile Mill strike can be said to have ended well, only if the lessons of it are not lost on the workers and their leaders. I say this in no spirit of jubilation or self-satisfaction. Ideas of social justice or social rights gathered from copy-book maxims or from an imperfect study of tendentious literature must give place to practical realities of the situation. Nobody will grudge the workers a square deal, but the demand should be tempered to the "shorn lamb" and should be within the capacity of the industry to bear. In this connection, the report of Sir Govind Madgavkar, the Conciliator in the dispute between the B. E. S. & T. Co., Ltd., and its employees regarding the grant of a dearness allowance contains some home-truths. Presumably it was meant also for the wider audience of the working class of Bombay and its leaders. As his remarks touch on the crux of the problem they will bear repetition. He said :

"*It has been my effort throughout to recall the parties from the realms of theory, ideology and rights to the more prosaic but firmer ground of the consequences, financial and other, if they did not arrive at a settlement and matters were pushed to extremes. . . . But if the employer, however fair and generous, is to be consistently treated as the exploiter and as a gradgrind, and if class war with him is to be a sacred duty on the part of the employee, if each concession on the part of the employer is to be received as a trifle and simply as a mere matter of right due to the employee and is to be only the stepping stone to further never-ending demands, until*

the employee becomes the master and the employer the servant—if such communist spirit and philosophy are to prevail among the workers of Bombay and to be encouraged by other classes of leaders, then the latter must take the responsibility for the inevitable end."

The wages of the textile industry in the presidency underwent an increase by over 10 per cent following the interim recommendations of the Textile Labour Enquiry Committee, 1938. Even at that time those in charge of the affairs of the industry felt that the rate of increase was beyond the capacity of the industry to bear. But in order to purchase peace, they were constrained to agree to the same. Hardly within a period of over one year, the demand for a further increase of 40 per cent on the ostensible ground of an increase in the cost of living on account of the war was asking for the moon. Here also the millowners agreed to accept, although they felt that at the present moment the industry was not in a position to bear the consequent burden, the Award of the Conciliation Board for the grant of a dearness allowance at a flat rate of As. 2 per working day, which roughly worked to an increase by 10 per cent. Thus within a period of about 18 months the industry has had to bear an increase in the cost of production roughly to the extent of over 20 per cent in wages alone. It is very problematical if the conditions in the industry, even after making full allowance for the expected turn of prosperity due to conditions arising out of war demands, are such as would justify these additional burdens. It must be remembered that it is not so easy to transfer this increase in cost to the consumer. The textile industry of the Bombay Presidency is not an isolated unit having the monopoly of a steady market all to itself. There are other centres of production within the country where the cost of manufacture both in wages and in other directions is considerably less and competition from such sources would be rendered unequal if in determining wage levels in the industry within the Presidency adequate account is not taken of the conditions obtaining in the other units in other centres within the country.

Indo-British Trade Agreement

The deficiency clause in the Indo-British Trade Pact has been put into operation and import duties on British piecegoods have been reduced by 2½%, with a corresponding reduction in the amounts of specific duties. Since March 1939, there has been a reduction in the duties on British printed goods by 10% and in the case of others by 7½%. The present reduction is claimed to be automatic in that imports of piecegoods in the past year did not reach the minimum quota prescribed of 350 million yards. It is opportune to point out here that the diminution in the imports was not due to any increase in the competitive capacity of Indian industry. It may be because of internal developments in the U. K. The Indian commercial community and the textile interests were emphatic in their disapproval of the terms of the new Indo-British Trade Pact and as a matter of fact the Legislative Assembly rejected the same. It was, however, ratified by Executive fiat and if the Government of India had any consideration or regard to these circumstances, the background against which the pact was entered into, they would not have shown this over-bearing anxiety, to fulfil a sanction clause in the agreement which was perhaps provided under different set of conditions. One significant fact which has now to be reckoned with is that the minimum quota for Lancashire under the agreement now becomes 425 million yards instead of 350, and that too at a rate of duty lower by 2½% than that which was deemed to afford the necessary protection to the Indian industry. For, till the completion of a cotton year, in which Lancashire exceeds this 425 million yards, any further action in the direction of raising the duty is not possible, even if in the inetrval the conditions in the Indian industry would necessitate or demand reconsideration of the position. This coupled with the further information which was vouchsafed the other day that pending the signing of a new Protocol with Japan, the Japanese quota for imports of piecegoods would be fixed at the increased figure of 400 million yards, is a strong indication that the claims of the industry for establishing conditions

of self-sufficiency within the country, will not receive that sympathetic response from the authorities which it is entitled to. It may be mentioned in passing that this reduction has been created at a time when the British industry is consolidating its position by the establishment of necessary machinery under the aegis of His Majesty's Government for promoting exports. A Cotton Board has been set up in that country for purposes of studying the markets arranging publicity, conducting researches and starting negotiations with interests outside the country for expanding the trade. Can the Government of India claim that they are showing similar solicitude for offering to the Indian industry opportunities for stabilising itself ?

Trade Marks Registration Act, 1940

Last four years have witnessed some of the important legislative Acts being put one after another on the Indian Statute Book which were of great significance to Indian commerce. Of these the Companies, Insurance and Income-tax Acts have commanded the most careful scrutiny from the Indian commercial community. However, the latest of this series the Trade Marks Act, though of equal importance, has crept unostentatiously into the Statute Book during the last session of the legislature, without arousing the attention due to a measure of such public importance.

This Act is the crystalised product of innumerable memoranda from various Chambers of Commerce and Associations during a long stretch of almost seven decades. As early as in 1903 the Bombay Millowners' Association had to inaugurate a system of private registration of trade marks for cotton goods of Indian manufacture to satisfy the need of the trade in the absence of a Trade Marks Act. I might say that this Act concludes a long and tortuous chapter in the history of an aspect of control and regulation of commerce and trade in this country. In the absence of such a Statute law, you know how difficult it was for the owners of trade marks in India to protect their marks from wholesale piracies

by unscrupulous merchants, as the onus lay on the plaintiff to prove his title by evidence of prior usage and as you will realise, such proof was difficult and expensive even in the case of well-known marks. This difficulty has been removed by this Act as it will, in course of time, provide a register of trade marks, by the help of which the owner of a trade mark could readily establish his title to the satisfaction of the Court without being put to the necessity of proving prior usage.

Conceding as I do the paramount necessity of the measure, and conforming as I do to the principle it embodies, I take this opportunity to point out some of its lacunae. The framers of the Act originally contemplated only the jurisdiction of the Calcutta High Court. Commercial opinion protested against such a project and addressed Government to the effect that such jurisdiction should be extended and limited to the High Courts in the Presidency Towns. It is good that this suggestion has been accepted.

Your Chamber in company with others had suggested the advisability of having in addition to the Trade Marks Register in Calcutta, branch registers at all the important commercial towns. They had also suggested that a file of the *Trade Marks Journal* should be maintained at some Government office in all the principal centres of commercial importance. Gentlemen, there was nothing incongruous in these suggestions which emanated from sources which apprehended difficulties on practical grounds. The Act allows the provision of only one register at Calcutta inspite of requests to the contrary.

The framers of this Act should have taken into consideration the vastness of the country and should have provided means whereby information about the various trade marks applied for and registered at the Registry Office could be supplied to the public concerned. The trade had suggested the publication of a *Trade Marks Journal* and the provision for including advertisements at cheap rates therein for the information of the public, but this useful recommendation has been turned down.

The Act provides special provisions for registration of trade marks in respect of textile goods. I admit, in this regard, the Act has been more mindful of the advice tendered by the trade concerned and has provided for the appointment of an Advisory Committee of persons versed in the usage of cotton trade, who shall be consulted by the Registrar or the Deputy Registrar regarding matters arising out of applications to register marks in cotton trade, as was desired. However, the provision of a Textile Marks Record instead of a register, to be maintained in Bombay under the Act, requires to be watched and if found unsatisfactory, Government would be better advised to amend the Act and allow for a Textile Marks Register instead.

It is fortunate for all concerned that the earlier proposals with regard to the reciprocal arrangements contemplating priority treatment to the U. K. applicants are dropped and the Act now provides uniform provision for such arrangements with foreign countries, whereby after the expiry of six months from the date of the commencement of this Act, the Central Government is empowered to conclude reciprocal arrangement with such countries who have made provision for the protection within their territories of trade marks registered or in respect of which applications for registration have been made in British India. While there can be no objection as such to this provision the period of six months allowed under it was too inadequate for completing registration of the Indian Trade Marks already in use in this country under the new Act. Any reciprocal arrangement concluded with a foreign country after only six months of the commencement of the Act was tantamount to conceding an unfair advantage to foreigners seeking privileges under this Act. The period allowed should have been at least seven years as the validity of the registered trade marks would be conclusive only after the expiration of 7 years under this new Act after which time they would be enjoying the full benefits of the Act.

Shipbuilding Industry

Shipping and shipbuilding industries attract the greatest attention of a maritime country even in times of peace but much more so during the times of war. The manner in which our export trade has been suffering, the extent to which the passenger traffic on the West Coast has been disorganised and the imperative necessity of requisitioning of our ships for the defence of our coasts and yet not finding these ships in a sufficient number have brought home to us more vividly than before the urgent need of India having not only a large National Mercantile Marine but a large national shipbuilding industry of its own. We all therefore welcome the enterprising spirit of the Scindia Company for going ahead with their project for starting a Shipbuilding Yard in this country.

The modern maritime policy of countries having national Governments and the present circumstances in the international world have made even Great Britain realise the great importance of the various parts of British Commonwealth in their common interest possessing up-to-date Shipbuilding Yards of their own. Large orders for building mine-sweepers and submarine chasers have been placed by Great Britain with Canada. Australia has adopted a new policy of giving substantial financial help to see that the Shipbuilding industry in Australia becomes a success. Substantial bounties varying from £10 to £12-10 per ton have already been voted by that Government for helping their people to build their own ships in their own country. British enterprise is also helping the development of a Shipbuilding Yard in Turkey and Britishers have been entrusted with the development of that industry in that direction at a cost of about £2,000,000. Even Great Britain itself which always prides on England's supremacy at sea and which claims that it has got the most efficient Mercantile Marine of the World has adopted a policy of great financial help to enable its shipowners to build their ships in England. According to the statement made by Sir John Gilmour, the late Minister of Shipping, in the House of Commons last month, loans exceeding £4,750,000 have already

been granted for the building of 55 new vessels in that country and careful consideration for giving substantial grants, i.e., for the building of these ships as opposed to loans was under consideration. In view of this national policy of giving substantial help adopted by maritime countries having well-developed Shipbuilding industries of their own, will it be too much to expect that the Government of India should consider most favourably the project for starting a Shipbuilding industry in India and do their best to give that industry such financial help as it may need ? Shipping and Shipbuilding industries are international in their character and unless such generous help is given to the Indian Shipbuilding industry which is given by other maritime countries to their own industries, it will be difficult for such new industries to make much headway in India under the great handicaps which it has to face. I would, therefore, most earnestly urge upon the Government of India to do all they can to make the starting and the development of a Shipbuilding industry in India a great success. The Mercantile Marine Committee have already stated in emphatic terms that the Shipbuilding industry should receive financial help if it is to become a success in this land.

May I, however, in passing draw your attention to what Turkey has been doing in this direction ? Forty Turkish students have been sent to Britain to take up Shipbuilding and Engineering Courses in British Shipyards under an agreement between the British and Turkish Governments. We all know what difficulties Indians themselves have to face for securing such facilities in Great Britain. It was, therefore, rather very disappointing that the Commerce Member should have stated on the floor of the House that it was premature at the present stage of development of the Indian Shipbuilding industry to consider the question of providing special additional facilities for the training of Indians in Shipbuilding and allied branches of Marine Engineering in England. Such training, it is obvious, should come first so that Indians with the necessary technical knowledge may be useful in building up and developing Shipbuilding industry in this country.

Speech of Mr. Chunilal B. Mehta, President, Indian Merchants' Chamber, at the Second Quarterly General Meeting (3rd August 1940)

GENTLEMEN,

The report of the work done by your Committee during the last three months, constituting the second quarter of the official years of the Chamber, has already been circulated to you.

INTERNATIONAL SITUATION VIS-A-VIS INDIA

The times through which we have been passing recently are, as a poet once remarked, out of joint, and the situation cannot but be considered as serious and critical. Since we met last, important events of far-reaching and grave consequences have happened. Norway, Denmark, Holland and Belgium have been over-run and even France who, with Great Britain, threw the challenge to Germany, has capitulated, leaving England alone to fight the battle of democracy. The foremost politicians and statesmen of India have also, from the very beginning of the war, condemned the Nazi menace and the Nazi invasion carried out without any scruples against the smaller nations of the world ; and I am quite sure even if India had been free she would have willingly stood with Great Britain in stemming the tide of Nazism and Fascism and keeping the world safe for democracy. Unfortunately, there are political differences between Great Britain and this country, though, according to my reading, the differences are not so great, nor so acute as cannot be bridged over if the required patience, will to compromise, desire to see each other's viewpoint, and, above all, a far-sighted desire to safeguard the interests of the country are there. It is deeply painful and regrettable that, though ten months have passed, there has not come that rapprochement between the two countries, which is so highly desirable in the interests of democracy all over the world and specially in the interests of Great Britain and India. Throughout the negotiations which have gone on and throughout the writings and speeches on the

question, I have marked a vivid desire on the part of both to remain friendly and not to do anything which will mar the harmony as between the two; nor to do anything which might help the enemy. The business community of this country has always, as you all well know, taken a nationalistic view of the political situation at all times and occasions, and even at present it remains nationalistic. At the same time, certain steps have to be taken and certain policies followed, which, in our humble opinion, are in the interests of the defence of the country. If the International situation becomes still more critical, we cannot say that India will remain free from the dangers of outside invasion or free from the dangers of occasional attacks. Looking to the very weakness of defence of India upto now, all our nationalist press and many of our political leaders have been insisting on the strengthening of our defence position, which is so very vital not only to the defence of the country but to the peace and happiness of millions of our fellow-citizens in this country. Surely we cannot forget or overlook the lessons of the countries through which the foreign armies have passed, whether in the West or in the East. The desecration and ruin of the countries, the slaughter of hundreds and thousands of innocent people, the rape and rapine which is a concomitant of all such invasions are awful pictures; and yet they present a stark reality. The Government of India have recently announced certain defence measures which, looking to the necessities of the situation, appear to be short of what is really called for, and yet are good as a beginning. Loans for this purpose have been issued, and issued in such a manner that even the middle-class people can help by subscribing to them. The Post Office Cash Certificates issued in the last war proved a substantial contribution to the Government of India and the various loan measures announced now should also prove a similarly useful contribution if there is an adequate and proper response, as there is bound to be. My humble submission is that we can all do our bit towards making these loan measures a success for the main objective of strengthening India's Defence and thereby protecting and safeguarding our hearths

and homes. Surely, this is no mean ideal or objective to be aimed at. While I say this, I do not overlook the grave measure of responsibility which it attached to the shoulders of the Government of India for neglecting many of these things which they were called upon to do if they rightly considered themselves as a responsible Government. It will not, however, help our cause at present merely to waste our time in recriminating over these measures. That Government have failed upto now is undeniable ; but we should now ourselves try to make up the leeway and lead the Government at least to eliminate the results of their inaction at present.

Export Trade

Any big upheaval like the war is bound to affect the vital economy of a country. The insensate cry of "business as usual" was raised during the beginning of the last war, and it was soon found out that it was impossible to carry on business as usual and that it was even going counter to the spirit of war-time preparations and perhaps placing restrictions and handicaps in the way of efficient, thorough and vigorous prosecution of the war. There is a peace-time economy and there is a war-time economy, and the smallest steps taken by Governments of countries involvel in the war have proved how there is a world of difference between such steps and the steps taken in peace-time for the very simple reason that economic warfare is as much a prosecution of the war and a recognised method of fighting the enemy as the war by ammunitions. All the steps taken by the Allies like blockade, searching of ships, placing of restrictions on imports and exports, etc., are a part of the general economic warfare. I referred to the restrictions on exports in my speech at the last General Meeting. Since then these restrictions have necessarily to be increased because of the fall of some of the countries which upto that time were neutral and also because of the recent going down of France, our strongest ally. A new orientation, therefore, has necessarily to be introduced. The Hon'ble the Commerce Member had announced just before our last General Meeting,

the appointment of an Export Advisory Council. That came soon to be realised as a fact, and the first meeting of the Council was held in June last. The Export Advisory Council devoted a careful attention to the question of the exports of some of our staple products like cotton and seeds as also our manufactured products. They appreciated the difficulties of the export trade and realised that India being an agricultural country exports played a large and significant part both in our internal and external commerce. One of our suggestions was that there should be subsidiary bodies formed at different ports and this was met with by constituting all the local members of the Export Advisory Council for a port, in addition to some local members, into a branch organisation for that port. It is still perhaps too early to judge the work of the Council ; but judged from the way in which the proceedings of the Council were conducted at the last meeting, Government are in every way earnest in doing their best for the export trade. My suggestion is that our merchants and exporters may well be advised to come into touch with the members of the Export Advisory Council if they have got any complaints to make or any special line of action to suggest. The next meeting of the Export Advisory Council is most likely to be held in Bombay some time in the month of September and I should like to suggest that our exporters and merchants should move from now to get any particular viewpoint of theirs placed before that Body at that time.

Search for Markets

While I realise that the war-time difficulties have affected and will affect our exports, all possible steps should be taken to maintain our exports at as high a level as possible. It is because of this that I welcome the steps taken by Government in sending out two of their officers to find out new markets in place of old for our exports. Dr. Sir David Meek, the Indian Trade Commissioner in London, and Dr. Gregory, the Economic Adviser to Government, are both sent out to U. S. A. Some two or three businessmen also should have

been sent with these two officers, as businessmen are in the best position to know which exports should be looked after, what markets we have lost and what markets can replace those lost markets. It is also felt that the U. S. A. is a country which is a big exporter of raw materials itself and any trade negotiations with regard to export of our raw materials there may not be perhaps very fruitful. Our raw materials, however, will have a very good market, as they have upto now, in some other countries, and I should like therefore that these countries should be tapped more. As a matter of fact there are enquiries for our raw and manufactured products from countries like Australia.

I should like to give here some statistics with regard to exports to those countries now closed due to the war.

(*In Lakhs of Rupees*)

Country	1936-37	1937-38	1938-39	(Average of the three pre-war years)
	Rs.	Rs.	Rs.	Rs.
Germany	10,03	10,42	8,55	9,67
France	8,19	5,25	6,19	6,54
Italy	5,09	5,43	2,62	4,38
Belgium	7,62	5,97	4,45	6,01
Netherlands	5,64	3,88	4,41	4,64
Norway	46	41	55	47
Italian E. Africa ...	1	1	4	2
	37,04	31,37	26,81	31,73

From this it will be seen that trade of a fairly large proportion of Rs. 31,73 lakhs has been closed to India as a result of the war operations. The principal articles of exports are jute and jute manufactures, raw cotton, oilseeds, raw hides and skins. Jute and jute manufactures were exported to Germany, France, Italy, Belgium and their exports to Germany amounted to Rs. 2,99 lakhs in 1937-38 and Rs. 2,74 lakhs in 1938-39. Exports to France for the same years amounted to Rs. 1,37 and Rs. 1,52 lakhs respectively. Raw cotton was exported to the tune of Rs. 1,69 lakhs and Rs. 1,58 lakhs in 1937-38 and 1938-39 respectively to Germany. The exports

of oilseeds to Germany were Rs. 1,70 and Rs. 1,33 lakhs respectively in those years. Oilseeds were exported to France to a very large extent; they were Rs. 1,24 and Rs. 2,02 lakhs respectively. All these exports are now stopped. The stopping of these exports means a good deal of loss to our agriculture and the general prosperity of the country and it is necessary that vigorous efforts should be made to find out alternative export markets as also to stimulate increased internal consumption for our raw commodities.

War Risk Insurance

There has been a decline in commodity prices which has a very unhealthy reaction upon the finances of the country, upon our export trade in general and upon our commodity markets in particular. One of the main causes of this decline has been an apprehension on the part of the mercantile community regarding the safety of the heavy stocks lying on their hands either in the city of Bombay or at mofussil centres. It was to consider this rather critical situation that representatives of your Committee, the Bombay Chamber of Commerce and the Millowners' Association and the East India Cotton Association met together and discussed the problem in all its aspects. As a result of these joint consultations, all these bodies sent out a telegram to the Government of India, emphasising that Government should announce the acceptance of the principle of a War Risk Insurance on stocks on land at a reasonable premium and that Government should announce the details regarding the scheme shortly. Your Committee also sent up separately a telegram to Government, stating that apprehension about the possibility of loss or damage of such stocks by enemy action was the chief contributory factor for the feeling of anxiety and suspense and they requested that the Government of India would be pleased to announce a scheme for insurance of commodities and goods and manufactured products against war risk on the lines of the Commodity Insurance Scheme in force in the United Kingdom. Government were quick in their response and

one of their chief officials was specially sent out from Simla to Bombay to confer with the representatives of the commercial community and to get their suggestions in detail regarding the War Risk Insurance. We had a Conference a few days back with Mr. Prior, Additional Secretary to the Government of India, Commerce Department. I am now happy to say that under the influence of these representations the Government of India have accepted the principle of the scheme and are drafting out the final scheme the details of which will be available when published, but even this acceptance of the principle has given a great fillip to the markets and a heartening tone. The rate of premium of $\frac{1}{8}$ per cent per month suggested by Government is too high. Having regard to the fact that the risk in India is comparatively limited and taking into consideration the circumstances in this country your Committee have suggested that the rate should not be more than 1|32 per cent per month. I hope that the scheme in its final form will be such as will be acceptable to all the interests concerned.

Import Trade Control

The Government of India recently issued a list of some 68 articles, import of which was to be restricted or stopped. Such a restriction, from one point of view, should be welcomed by us in this country ; for, it was the very thing for which the Chambers of Commerce and the industrial community in this country and even I should say, the general public have been asking since years and years. The cry has gone forth for the development of industries and for the industrialisation of the land since the last half a century and more ; and it was not merely a coincidence that side by side with the Indian National Congress there was always an Industrial Conference or an Industrial and Commercial Congress urging economic development and progress of the country, as the other body was urging political progress and development. If the list of 68 articles is scanned closely, it will be found that it comprises many an article, which is already being produced in the

country and the production of which can be speeded up and intensified. There are also some articles which if they are not produced in the country at present, can be produced in the near future. One pre-eminent fact, which should attract our attention, is that if industries relating to such articles are taken on hand and attempts made to develop them and intensify their production, they have got at present an opportunity to develop them, because of the war that is going on and because of the practical impossibility of getting the competitive articles from elsewhere. At the same time, there are certain difficulties in the war. It will not be possible to get the required machinery excepting perhaps from U. S. A. and Japan. It should, therefore, be arranged with Government that if the restrictions on imports have to lead to any beneficial results, in the shape of the development of indigenous industries, they should facilitate the import of machinery and also certain raw materials considered essential for those industries. It is true that the list of these prohibited imports is issued not so much with a view to the development of industries as with a view to saving of the freight and to securing that money does not go out of the country for useless luxury articles which are not considered necessary in times of war. Nevertheless, if it can be achieved, that side by side with helping the prosecution of the war, we can also develop our indigenous industries, which themselves will also help the prosecution of the war, so much the better. This can be achieved only, however, if we are given an assurance by Government that industries developed during the period of the war will be given full-fledged protection even after the war has ended so that the history of the last war may not be repeated. In this connection, I am glad that the Hon'ble Sir A. Ramaswami Mudaliar, Commerce Member to the Government of India, at the interview with the Committee the other day, assured us that industries needed and developed due to the conditions created by the war would receive every encouragement and assistance from Government even after the war and that they would not be left high and dry.

The Rupee Scare

I may here refer to the recent panic that was set up for the acquisition of silver coins. When the war broke out in September last the Reserve Bank had in its Issue Department over 75 crores of silver rupees and there was at that period a Note circulation of 172 crores. Since the beginning of the war, there has been a regular outflow of silver rupees. The extent of this outflow can be gauged from the following figures :—

(*In OOO's Rupees*)

Date	Amount	Outflow
	Rs.	Rs.
1st September 1939	75,87,11	...
29th September	75,14,27	72,84
27th October	72,54,21	2,60,06
24th November	69,49,90	3,04,31
29th December	64,22,34	5,27,56
26th January 1940	60,84,90	3,37,44
23rd February	58,29,37	2,55,53
29th March	55,94,25	2,35,12
26th April	53,38,02	2,56,23
31st May	46,56,97	6,81,05
21st June	35,10,98	11,45,99
19th July	29,20,16	5,90,82

As will be seen from the figures, the withdrawal was gradual during the first few months. It was only in May and June that there was any phenomenal increase in the demand for rupee coins. On 25th June the Government of India promulgated a Rule under the Defence of India Act making it an offence to acquire coins in excess of one's personal or business requirements. At the same time they explained that the object of the Rule was to check the evil of hoarding coins and pointed out that the Indian currency position had a sufficient supply of reserve rupees which was ample for meeting all ordinary purposes of circulation. The Reserve Bank was also given power to decide as to what constituted the reasonable requirements of an individual in respect of rupee

coins. Under these powers the Reserve Bank introduced what amounted to a system of rationing coins upto a maximum of Rs. 50 per individual although provision was made—which was not known to the public—for meeting demands for larger amounts on a written application in that regard. I am afraid that the Government communique announcing that it would be deemed an offence to hoard coins and the subsequent restrictions in issue introduced by the Reserve Bank had, instead of acting as a check, quite the reverse effect. Rupee coins, even in cities began to disappear, perhaps, into a cold storage. As you all know, for two or three days it was very difficult to get change for currency notes in Bombay. The Reserve Bank, however, realised the seriousness of the situation and made emergency arrangements for meeting out the demand for rupee coins. It was also announced that the resources with the Bank in the matter of coins were adequate to meet all normal requirements and that rupees in sufficient numbers for meeting all the trade and business requirements would be given to all those who applied for the same. This had a salutary effect and the outflow of coins has consequently been checked. The withdrawal latterly was only to the extent of $1\frac{1}{2}$ to 2 crores a week.

The decision of Government to introduce One Rupee Notes into circulation will, I hope, immediately relieve the situation and there will, therefore, be no need for any further action in this connection. The Note in size, quality of paper and in its format, I must say, is far from satisfactory. I hope arrangements will be made to improve the same in all these directions and particularly in regard to size, about which Government also have assured that the new Notes will have a larger size. Even with the introduction of One-Rupee Notes, as Sir Purshotamdas Thakurdas described in his broadcast talk the other day, an adequate supply of rupee coins for the day to day requirements is a real necessity in the villages and every effort should be made to meet this demand without any restriction.

While on this subject, I would also like to mention that the currency position of the country, i.e. of the Reserve Bank is an extremely strong one. As has already been observed, it is perhaps second only to the position in the U. S. A. Against a Note circulation of 255 crores we hold in the Issue Department of the Reserve Bank the following assets :—

Gold coin and bullion worth	..	44.4 crores.
Sterling Securities worth ..	..	131.5 „
Rupee coin worth ..	..	30.0 „
Government of India Securities worth		49.5 „

The Reserve position is thus very strong. It is all the more so when we take into account the fact that the above gold reserve of 44 crores is valued at Rs. 21-3-10 per tola. The present price of gold is nearly double of that and if this factor is taken into consideration we have almost a further secret reserve of over 44 crores as backing for our note issue. There should, therefore, be no reason for any anxiety regarding the convertibility of the note issue of the country as the currency position is absolutely strong.

Stock Exchange

Bombay is rightly deemed to be the hub of Indian finance and is the home of several powerful commercial associations, and the Native Share and Stock Brokers' Association is one of such associations. These associations have great responsibilities to discharge, as it is their duty to see that the steps taken by them in the conduct of their business are not such as to harm the interests of any member of the public. The Native Share and Stock Brokers' Association is a public association and is recognised by Government under certain conditions. Owing to the adoption of methods by the Governing Body of that Association, resulting in injustice and unfairness being done to the investing public, the confidence of the latter has been shaken. The Governing Body of the Association is already in possession of powers which exceed what the Morison Committee recommended, and the result is that despite public criticisms that Body have been acting in a manner,

often times, prejudicial to the interests of the investing public. Unfortunately, public opinion is not sufficiently vocal as to compel the Authorities of the Association to listen to any well-meant criticism. As things stand at present, the interests of the general body of investors are always overlooked.

After a substantial rise from September 1939 to May 1940, the share market suddenly declined and the Governing Body of the Association, which never intervened during the period of the rise, viz. September 1939 to May 1940, intervened and asked the Government of Bombay for permission to close the market. It may be mentioned that the price of Tata Steel Deferreds, which rose from Rs. 1,300 in September last to about Rs. 2,200 upto May this year had declined only to about Rs. 1,850 in May. In the ordinary course in all markets there are always reactions, and after a rise of about Rs. 900 if there was a reaction, resulting in a fall of about Rs. 350, there could not be any justification for suddenly closing the market. After protracted negotiations, Government agreed to give permission to close the market.

Decisions taken by the Governing Body of the Association in the past three months have made confusion worse confounded. Marked-up prices fixed for June-July settlement were completely divorced from reality. Settlement prices were fixed at levels substantially higher than the then ruling rates, thus enabling irresponsible bull speculators to tide over the difficulty. While the brokers were afforded facilities and opportunities to close their transactions, the same facility was not extended to investors and others until a much later time. The criticism is, therefore, legitimate that the Governing Body, though they were eager to protect brokers from the consequences of irresponsible speculation on their part, were not conscious of their primary duty towards the investing public.

Any interference or intervention by the Governing Body of the Association in the free play of the market is quite undesirable. This view is confirmed by the following observations of the Morison Committee in paragraphs 6, 13 and 14 of their Report :—

"Para 6. The first and fundamental principle of Stock Exchange practice and administration is that there shall be no interference with the natural course of a market, except in what would be, in practice, quite clearly definable circumstances. . . . .

In the course of our enquiry we have heard evidence which, in our view, clearly proves that a mentality exists which interferes with these principles. . . .

Moreover, in Bombay the Share Bazaar, being recognised by Government, is placed in a privileged position, and such a privilege entails corresponding responsibilities."

"Para 13. There cannot be any doubt that some of these powers every Stock Exchange of any importance ought to have, but clearly the powers of the Board in the Bombay Share Bazaar go much beyond what is either strictly necessary or desirable. The possession of these powers by the Board, even when they have not been abused, is in itself calculated to engender, and has in fact engendered, in the operators, whether 'bulls' or 'bears', a wholly unhealthy mentality. These feel secure against the extreme or ultimate consequences of their own rashness, and hence they tend to operate recklessly and regardless of the resultant consequences both to the market and to the genuine investor. It is clearly, therefore, of the first importance that this mentality should be eradicated, by eliminating from the organisation and constitution of the Bazaar the principle of intervening with a view to correct difficult situations which result entirely from the internal operations of the market."

"Para 14. In the first place, then, we consider it undesirable that the Board should at any time suspend the selling-out rule. There need never be any necessity to do so, for in 'bear' raids, when prices reach a level below the fair market value, a stage must inevitably arrive at which the natural forces of the market must operate and check the downward trend; and since the market continues to be in a position to correct itself automatically, it is unsound in principle to interfere in order to protect unwary or reckless 'bulls', whether members or non-members."

Inspite of all these recommendations of the Morison Committee, the power to suspend selling-out rule, which existed prior to the Morison Committee Enquiry and which later for a time found no place in the Rules of the Association, has been introduced under the present Rule 298 (*b*) sanctioned by Government on 20th October 1939. This power is now being used by the Governing Body of the Association indiscriminately. I, therefore, think that the time has now come when

the power of suspending selling-out rule, which makes the market one-sided, should be withdrawn by Government before permission to resume forward trading is granted.

Insurance

While the Insurance Act sought to regulate business in Insurance in India sufficient provisions have not been made in the Act to protect indigenous insurance companies and assist them in their development. Various suggestions have been made by Commercial bodies and Insurance Associations from time to time in this respect. The Government of India are at present examining the question of further amendments and I hope they will examine the question of adequate protection and give their sympathetic consideration.

The Indian Life Insurance Companies which are required under the Act to put a major portion of their funds in Government and approved Securities, are likely to suffer owing to the very low yield in consequence of the present cheap money policy of Government. It is to be hoped that Government will revise the requirements for investments under the Act and reduce the percentage to be invested in Government Securities and enlarge the definition of "Approved Securities." It may also be suggested that for purposes of ascertaining the market value of these Securities for satisfying the provisions of the Act they should be taken at the average of the market values in the previous three years. This will be fair to both the present and the future policyholders of these companies.

Various Tariff Associations dominated by non-Indian Insurance Companies are putting difficulties in the way of indigenous insurance companies by creating artificial restrictions. One of them is the question of Chief Agency both in case of Fire and Marine which has been almost a source of controversy from the very start and is continuing to cause no little concern to Indian Insurance Companies. This is likely to bring about strained relations between Indian and non-Indian Insurance Companies working in India. The new rules which the Bombay Fire Insurance Association proposed to

introduce in this regard are deemed to be highly detrimental to the interests of Indian companies. It is gratifying to note that the Advisory Committee consising of the Directors of the Indian Insurance Companies are standing out firmly to protect the just and legitimate interests of Indian Insurance Companies in regard to business in their own country, and I hope Government will remove any and all artificial impediments in the way of Indian Insurance Companies enjoying "the same facilities for development in their own country as are allowed, say, to British companies in their own country."

In this connection, I would like to refer to the attitude of the Exchange Bankers in regard to the acceptance of policies issued by the Indian Insurance Companies. As you are all aware, this Chamber had taken up this matter both with the Exchange Banks Association and with the Government of India. The Exchange Banks always tried to evade their responsibility in the matter by suggesting that in asking for policies of insurance with English or foreign companies they were only conforming to instructions received from the importers or buyers in the U. K. or other foreign countries. The excuse, while it may be plausible, is certainly unconvincing. After all, the importers and buyers to whom they refer are the clients and constituents of the Exchange Banks and the banks which are enjoying unfettered freedom in this country to do business can create proper atmosphere for the unconditional acceptance of Indian policies by suggesting to such constituents that there was no necessity for making such stipulations. I am obliged to refer to this matter again today because fresh complaints about such difficulties regarding Indian policies have reached the Committee of the Chamber recently. When British statesmen are very anxious to assure Indian public opinion that they are earnest in reaching a satisfactory settlement of the question of the future relations between India and Britain, it is upto British businessmen and bankers in this country to create the necessary atmosphere to facilitate such a settlement by not taking any steps or doing anything which savours of racial discrimination even to the slightest degree.

Money Market

I had a paragraph, in my speech at the last Quarterly Meeting, on "War and Indian Economy", wherein I set forth certain important statistics regarding the financial position of the country. Inter-Bank call money rate at present rules at ½% with plenty of lenders. The rate for short term borrowing, which had shown a process of going down since the war broke out, had consistently maintained that downward course. The rate for Treasury Bills in April was Rs. 1-7-7 per cent per annum as against 1-5-9 per cent in the middle of December last and 2-12-10 in September 1939; the later rates were 1-1-7 for May, 1-1-9 for June and 1-0-5 for July. These sagging rates will show how there is a very serious fall in demand for money. I have touched elsewhere the hoarding of silver rupees and I should like to give here some figures with regard to Note circulation, etc., to show the monetary position of the Reserve Bank.

(*In Crores of Rupees*)

No.	—	September 1, 1939	April 19, 1940	July 19, 1940
		Rs.	Rs.	Rs.
1	Notes in circulation ...	182·13	241·61	241·8
2	Sterling Securities ...	59·50	116·50	131·5
3	Balances held abroad ...	10·08	24·74	20·2
4	Silver Coin ...	75·87	53·96	29·2
5	Scheduled Banks Liabilities ...	248·46	259·89	258·0
6	Scheduled Banks Cash Resources	32·57	26·66	37·8
7	Scheduled Banks advances ...	109·51	160·10	136·0

It will be seen from these figures that there has been a heavy drain upon the holdings of silver coins as a result of which the holding is reduced to Rs. 29 crores. The advances by Scheduled Banks which were 110 crores in September 1939 rose to Rs. 160 crores in April 1940, showing an increase of Rs. 50 crores. Advances now stand at Rs. 136 crores, being 24 crores less than in April. This is a clear indication of the slackening in trade demand for money. One particular matter to which I should like to draw your attention in these statements, is that gold coin and bullion worth about

Rs. 2,86,98,000 which used to be shown by the Reserve Bank as "held outside India" is no longer to be found there in that form, which means that the assets in gold held outside on our account have been transferred here. There is also an increase in the holding of Sterling Securities, which are now 131 crores as against 116 crores in April 1940, and as against 59 crores in September 1939. There has thus been an increase by 72 crores over last September.

Speech of Mr. M. C. Ghia, Vice-President, Indian Merchants' Chamber, at the Second Quarterly General Meeting (3rd August 1940)

MR. PRESIDENT AND GENTLEMEN,

The President has dealt with several important problems arising out of our second quarterly report and out of the present situation, both internal and international. I propose to deal with only a few questions, some of them relating to our trade and commerce and some of them relating to the very important problems of new key industries.

BANKING LEGISLATION

One of the numerous references made to the Committee of the Chamber recently was the proposals to have an Indian Bank Act, which emanated from the Board of the Reserve Bank of India. It appears, as if proposals of this character for reform of our banking methods and for legislation to regulate banking in the country are somehow or other not under propitious stars, for whenever such proposals are mooted the political situation is more or less critical and such proposals do not, therefore, receive that consideration which they deserve with the result, that almost a quarter of a century has passed away since such discussions began ; and yet, we have not got a comprehensive and thoroughgoing banking legislation, as we have the Companies' Act, Insurance Act, etc. When such proposals were first mooted, following the banking crisis in 1913, the World War came up, and all such suggestions had necessarily to be relegated to more propi-

tious times. In 1920, the question was again considered, though to a very limited and partial extent, for it was only a change in Form G in the Third Schedule of the Companies' Act which was considered. There were also some other questions like a definite minimum limit on the amount of authorised capital of a Bank and percentage of subscribed capital to authorised capital, etc. These proposals did not meet at that time with any good response ; and nothing further was heard till 1930, when Government appointed the Indian Central Banking Enquiry Committee, as also Provincial Banking Enquiry Committees for all the provinces in that year. This again, as you all very well know, was a time of great internal political trouble, though both the Provincial and the Central Banking Enquiry Committees finished their work and presented their Reports. Those years of political trouble did not allow concentration of attention, whether of the public or Government, on the banking problems, and the very large amount of labour and pains that all those Committees had devoted to the preparation of their reports did not get that consideration and appreciation which they would have otherwise got. All those tomes were relegated to the pigeon-holes of the Secretariat. Sir N. N. Sircar, who piloted the different commercial Bills recently, practically assured the Legislature and the public in general that a comprehensive piece of Banking legislation would follow the Companies' Act. Some provisions were incorporated in the Companies' Act with regard to banking, but we have still been waiting for a comprehensive banking Act. Perhaps, such a legislation would have come in, but for the fact that this country and the world are passing through grave and critical times. The Board of the Reserve Bank of India have put forward proposals of a rather halting character for an Indian Bank Act, and even these proposals have not perhaps been considered by the different public bodies with that attention which they would have otherwise got if there had not been the war situation at present. Your Committee, however, went through the proposals carefully and submitted their views to the Reserve Bank. Even the Federation of Indian Chambers of Com-

merce and Industry has not yet been able to submit its views, because of the present situation. Banks are generally considered as one of the props and pillars of both commerce and industries, and a thoroughgoing and comprehensive Bank Act is, under the circumstances, one of the biggest steps that can be taken to develop Banking in this country and to give an impetus to the organisation and progress of banks, of which we do not find a large number in the country. The Reserve Bank Board wanted, however, for the present, a very clear definition of the word 'Bank'. It has been found from experience that it is very difficult to give an exact definition of the word 'Bank'. Your Committee stated that the word 'Bank' should be restricted to be used only by ordinary Joint Stock Banks registered under the Indian Companies' Act, which carry on lending and borrowing. They were not, however, in favour of placing any restriction on firms or companies, though they might be doing banking business as long as they did not call themselves banks. They, however, did not want that Shroffs or our indigenous bankers should be prevented from using the word 'Bankers' for their profession. It is the position of the indigenous bankers *vis-a-vis* the Schedule Banks and the Reserve Bank, which forms a subject of very important consideration. Practically all the authorities have agreed that Shroffs have a place of their own in the banking economy of this country. Both the majority and the minority Reports of the Indian Central Banking Enquiry Committee and even Sir George Schuster, the then Finance Member of Government, recognised the peculiar place occupied by the Shroffs. Unfortunately no decision has been still arrived with regard to the relationship between the Shroffs and the Reserve Bank, and the attempt made some time back to lay down the conditions for a proper relationship came to a premature end. The way in which the subject has been dealt with under the new proposals of the Reserve Bank Board gives us some hope that the place of the Shroffs will be thoroughly recognised in any comprehensive legislation which might be taken up. When we scan the causes that have led to the present weak condition of our industries or our coun-

try's backward condition in trade and commerce, we cannot but help noticing that all these defects are due to the weakness of our banking system; and I must say that there is still this weakness in the banking system because we have neglected the very first element, viz. the Shroffs, who in the past maintained the finances of the country at a high level. I know that when I speak here, I am speaking to those who have got equally definite views with me on this question; but I hope that as soon as the war clouds have drifted away and the country is restored to normal times, a sincere and earnest effort will be made both by Government and the Reserve Bank to place on the Statute Book a piece of legislation, which will be the coping stone of all our commercial legislation recently introduced. There are suggestions made by the Reserve Bank Board with regard to minimum capital ratio of subscribed and paid-up capital, maintenance of cash and unencumbered securities, etc., which are calculated to be of great usefulness to banks; but it would be better to take up the whole legislation comprehensively than to take certain questions and sections piecemeal.

Enemy-owned Trade Marks and Patents

Your Committee made, what I consider, a useful suggestion to Government with regard to enemy-owned Trade Marks and Patents. We understand that during the last War, rights under these trade marks were assigned or transferred to third parties, with the result that those trade marks were kept alive and goods manufactured elsewhere by other parties used to be sold here under the said marks. On the termination of the War, however, the rights under the marks in question reverted back to the original owners. Thus, notwithstanding the long interval of over four years, the said marks continued to be in currency and active use and the original owners did not suffer any special undue interruption from the forced withdrawal of their products from the market here during

the period of the War. Such a procedure was naturally adverse to the interests of Indian manufacturers, as whatever facilities were there during the war for pushing their own wares and products, the advantage was discounted to some extent by the keeping alive of the rights under the said trade marks under which foreign products competed with indigenous products, and specially at the end of the War all those trade marks were revived passing into the hands of enemy subjects again when the *status quo ante bellum* was restored. In order to prevent such a state of things, your Committee asked Government if it was their intention to consider the question of transferring or assigning the rights under such trade marks to other parties within the country. Such transactions would be nominal transactions intended evidently to keep up he rights of enemy subjects by transferring provisionally or temporarily certain rights, such rights to be restored at the end of the war. The fundamental reason against such a procedure is that when such trade marks are allowed to be used by third parties, the unwary public who may not be aware of the change in the ownership of the trade marks would be led to believe that he is buying goods, of the quality and origin which the trade marks in question represented in the past. Government replied that it was not their intention to terminate or confiscate the trade marks rights of enemy subjects and that these rights were merely suspended during the duration of the war. They have become vested in the custodian of enemy property in British India and the question of transferring or assigning such rights to other parties did not arise. I should like, however, Government to consider why they cannot terminate or confiscate trade marks rights of enemy subjects. Such a termination or confiscation will be to the benefit and advantage of our own industries. There may be objections perhaps under the international law, but it is a point worth pursuing.

With regard to enemy-owned Patents, your Committee asked whether Government proposed to take any action in the direction of allowing people in this country the rights

under or use of any such enemy-owned patents during the period of the war. It will be a great concession and privilege if people in this country can get in their own hands the working of certain enemy-owned patents. Surely, there is no moral or legal obligation for not allowing our people the right to work such patents. Perhaps, the enemy countries might be, at present, regardless of any international law on the subject, allowing their own nationals to work the patents of other countries ; and there is no reason why our nationals in this country should not be allowed to work the patents owned by enemy subjects. A press-note was issued by Government on the subject drawing attention to the supplementary Defence of India Rules under which the Central Government were invested with power to grant licence for working and exercising enemy-owned patents or designs with the object of maintaining supply and service essential to the life of the community and for the efficient prosecution of the war. This is very satisfactory from my point of view, and I hope that our people will take advantage of these conditions and those desirous of manufacturing or importing articles of essential supplies should put themselves into communication with the Controller of Patents and Designs. The war will be responsible for many a new industry in this country, and it should be the duty of Government to give all possible facilities for the development and progress of such industries, and it is the duty of our people also to find out which industries can be so developed and to take all possible steps to develop such industries in the interests, both of industrialisation of the country as well as of the Defence of the land.

Indo-Japanese Protocol

We recently addressed the Government of India with reference to the Indo-Japanese Trade Convention and Protocol, and imports of cotton yarn and piecegoods from China into British India. It was a matter of great surprise for the business community that a temporary arrangement which would govern trade between India and Japan pending the

conclusion of a new Protocol was announced which would have the effect of going counter to the interests of this country. Japan appears to have taken advantage of the lapse of the Protocol and to have increased her cotton textile exports to this country, despite the fact that the commercial community of this country has always urged the revision of the Protocol with a view to reduction of the imports from Japan, including Japanese imports from areas in China controlled by Japan and the necessity of considering the case of products of small Japanese industries with regard to the import of which there was apparently no restriction at present. Instead of all this, the Japanese revision of the Protocol temporary though it is called, was in the direction of increasing her imports of cotton textiles into India, without at the same time increasing the quota of the exports of cotton from this country. Even the stipulated quota of cotton, Japan has not been able to take recently. Thus in the years 1937-38 and 1938-39 the first two years under the second Protocol, Japan's off-take of Indian cotton amounted to 1,225,000 bales and for the 10 months of 1939-40 the comparative figure was 867,000 bales. Such a course of action is highly to be condemned, and I cannot say that the Government of India were justified, even provisionally to say that it would not retard the operation of the proposals or contravene the undertaking previously given by the Japanese Government that they would not take advantage of the lapse of the cotton Protocol by allowing heavy shipments of Japanese goods to India. Your Committee have another grievance also, besides this undue advantage taken by Japan of the present position to change the Protocol, even provisionally, and that is the largely increased imports from the Chinese territory under the domination of Japan, which comes to this that the quota fixed for Japan is abnormally increased. During the first 10 months of the financial year 1939-40, imports from China went over 2.6 million yards, though since 1935-36 to 1938-39 imports of piecegoods from that country were almost negligible. There is also a large increase in the imports of cotton yarn from China during the last few months. Looking to the fact that a large number of

these mills in China are under the direct control and management of Japanese interests, it is inconceivable that all these imports should not be included in the quota for Japan. On account of the present international situation, the Indo-Japanese trade negotiations are also lengthening out, and I should strongly urge that if there is no immediate prospect of these negotiations coming to an end within a short period, the Government of India should adopt measures whereby Japan cannot ride rough-shod over the agreement which was entered into by both the countries. As we have repeatedly tried to show, the heavy imports from Japan not only with regard to cotton textiles but with regard to other products do not only come into direct conflict with the industries of this country, but also with the British industries, a fact which some of our British friends have not, perhaps, appreciated to the fullest extent.

Shipping and Aircraft Industries

The transport organisation of a country, whether it has to deal with the economic requirements of the people or whether it has to grapple with the questions of the Defence of its coasts, whether it is connected with the questions of transport on land or on sea or in the air, arrests the most absorbing attention and receives the most active consideration of the nation in times of war. The transport facilities in India on land can hardly be called in a stage of advance as compared with such facilities as exist in other important countries of the world. Indian shipping has a very meagre place even in India's home waters, while it practically does not exist in India's overseas trade. As regards transport in air, one may very well say that it does not exist. Every day, however, as the war continues, the international situation resulting therefrom brings more vividly and more pointedly than before the imperative need for India to possess all such transport facilities particularly on sea and essentially in air not only for its normal needs but for the immediate purpose of its national defence. It is, therefore, very gratifying to learn that the

enterprising spirit of our shipping magnate, Mr. Walchand Hirachand with the powerful support of the great organisation of the Scindia will shortly bring into existence three important industries : (1) the industry for the building of motor cars and trucks in this country which will provide further facilities for transport on land, (2) the Shipbuilding industry which will remove to some extent the deeply felt shortage of tonnage for India's import and export trade on sea by building new ships, and (3) the aircraft industry which will open a new and glorious chapter in India's fight for real Swaraj by making a beginning for providing facilities for Indians not only to fly in the air, but by giving them the first lessons, elementary as they may be, for defending their country from that region.

It is a matter of satisfaction that Bombay will have the privilege of housing the new industry for building motor cars and trucks and I am sure the spirit of nationalism which supplies the motive power for Mr. Walchand's activities will enable him to give every possible facility to Indian technical talent to find active employment and efficient expression in this new venture. We have no doubt he will give the expectant country at an early date fullest information in regard to the manner in which he wants to build and develop this important industry which will not only improve the existing facilities for trade and commerce but will provide the Military and Defence with untold facilities in the future which do not exist at present.

As regards the Shipbuilding industry, you will remember that I expressed the hope in my speech at the last meeting that the Government of India will give, just as other maritime countries have done, all the help and facilities that this key industry requires for making it a success in this country. It is, however, a matter of profound disappointment that the Government of India do not look upon shipping and shipbuilding industries as national assets, as Governments of other maritime countries have done, and Mr. Walchand, after waiting for a number of years in search of a site for establishing

this Shipbuilding Yard at Calcutta, was compelled ultimately to seek a site at Vizagapatam for his new project. It was in last December that the Hon'ble the Commerce Member inspected the site for a Shipbuilding Yard at Calcutta, but it is a strange irony of fate that he can do nothing to help the Indian interests to start a national industry in Calcutta and can hardly influence the European Chairman of the Calcutta Port Commissioners to adopt a reasonable frame of mind for helping a national industry so necessary in these days for the requirements of India's defence. You are all aware that even as far back as 1918 a strong resolution for starting and helping a Shipbuilding industry was passed in the Central Legislature and that the Report of the Indian Mercantile Marine Committee made definite and specific recommendations for helping the Shipbuilding industry in this country. In spite of all the past assurances and the recommendations of the Committee accepted by Government themselves, I am not giving away any secret when I tell you that no aid whatsoever has been given to the Indian Shipbuilding industry and it was compelled to secure the site at Vizagapatam, after cherishing forlorn hope for that purpose of years past to secure it at Calcutta. One may, however, be thankful for the small mercy which the Government of India have agreed to show to that Indian organization by giving to it a site, not without charging a business price, and let me express the hope that even at this hour the Government of India will not fail that new venture, but will do everything in their power to urge upon the Government at Home to give it the permits required for the importing of machinery, plant, and experts necessary for the establishment of the Shipbuilding industry in India.

As regards the industry for building aircraft in this country, it is really a new and pioneer venture. Mr. Walchand has not told his countrymen what kind of aircraft he proposes to build in the beginning in the factory which we understand he has decided to establish at Bangalore. But whatever may be the nature of the aircraft that will be built in this factory at Bangalore, whether it will be aeroplanes

required for civil purposes or whether it will be aircraft necessary for the defence of the country, you will all agree with me that he deserves our best congratulations not only for the spirit of enterprise but also for the vision he has shown in doing something great for developing and strengthening the air-arm of India necessary for its economic advancement and imperative for its present and future defence. Gentlemen, we are often cajoled as partners in the Empire when the Government of India and their masters in Great Britain want India to help them in an important direction, but we all know well that when the time for action comes not only do they forget that India is an equal partner in the Empire but they deliberately drive it away from the so-called British Commonwealth of Nations. Recently a powerful scheme for the training of the citizens of the Empire as Air Pilots was started and arrangements have been made to train citizens from all parts of the Empire in Canada, but India has been deliberately excluded from that scheme. Now that Indians are treated as untouchables under this great scheme of the Empire to train Air Pilots, we shall not express the hope in vain that Mr. Walchand will do everything in his power to provide facilities for giving proper training to the nationals of this country for becoming Pilots in the air in the proper sense of the term. We know that the building of aircraft is a pioneer industry in the country and it will, therefore, be necessary for Mr. Walchand to secure the co-operation of his American experts to make that industry a success. We shall, however, not depend upon his spirit of nationalism in vain, when I say that whatever help that he will have to secure in the beginning for the establishment of this pioneer and new industry in this country, he will remain true to the great ideal that he has incessantly propagated in this country and India will soon learn to build aircraft and Indians will soon be able to fly in the air under an organisation which will be truly national, national in its ownership, national in its control, national in its outlook and national in its management.

Speech of Mr. Chunilal B. Mehta, President, Indian Merchants' Chamber, at the Third Quarterly General Meeting (24th October 1940).

GENTLEMEN,

The report of the work done by your Committee during the last three months, constituting the third quarter of the official year of the Chamber, has already been circulated to you.

EASTERN GROUP CONFERENCE AND ROGER MISSION

The Eastern Group Conference will be meeting tomorrow in Delhi. I regret to have to say that the public in this country have still a very hazy conception of the scope and functions of this gathering. The Hon'ble the Commerce Member of the Government of India made a statement at the meeting of the Export Advisory Council in Bombay on 11th September 1940, when he tried to give an idea of the object of and the scope of work before the Conference. In that statement he pointed out that the Conference would be largely occupied with war supply problems ; that the delegates to the Conference would be predominantly officials ; that such non-officials as might be associated with them would be those concerned with war production ; and that it was not intended to include non-officials as such in the personnel of the Indian delegation. The Commerce Member further announced that it was the intention of Government to utilise the Conference for having exploratory talks on the possibilities of commercial agreements with various individual delegates outside the Conference. They hoped to have talks with individual delegations or perhaps with more than one delegation regarding the present position consequent on the war on the relative trade of the two countries.

Just a few days before that statement was made, the Committee of the Chamber addressed an enquiry to the Government of India asking for information regarding the exact scope and functions of the Conference and enquiring whether non-officials were to be associated with the Confer-

ence ; whether commercial bodies would be invited to send representatives to it ; and as to the manner and method in which the discussions or consultations at the Conference were going to be used for the purpose of developing trade between India and countries concerned. While the Commerce Member's statement in question contained some indication of the scope of the Conference and also conveyed the decision of Government to confine their delegates to officials, it did not help the commercial community and the general public to have a clear grasp of the work before the Conference and the possible results thereof. The procedure proposed to be adopted in regard to the trade talks outside the Conference has not been made sufficiently clear. Only a suggestion is thrown out that when such informal talks begin the Government of India may find it desirable or necessary to invite certain representative commercial men so that the spokesmen of the Government of India may have consultations with them regarding the issues arising from such talks.

In the meanwhile, the Roger Mission arrived in the country last month. The ostensible object of the Mission is the examination of the factory capacity in this country with a view to see how far it can be made available for war supply. The Mission will also consider the possibility of expansion in relation to existing and potential output of other Empire countries in the Eastern Hemisphere. Thus, according to an official press note issued, the objective of the Mission is to enable this country not only to meet her own needs for home defence, but to make even a greater contribution than she does today to the general war effort of the Empire and in particular to equip and supply forces in the Middle East and East of Suez. Members of the Mission were in Bombay for a short time and some of us had an opportunity of meeting individual members at some social functions arranged in their honour. Such informal talks as leaders of Indian commercial opinion had with them during their short contact have, I must confess, not enabled us to crystalise our ideas regarding the exact purpose and the full implications of the visit.

If problems of Indian war supply and Indian manufacturing capacity are the main factors for review by the Mission, it stands to reason that representative non-official Indians with experience in the commercial and industrial position in the country should have been actively associated with the work.

Coming back to the Eastern Group Conference, it is learnt from a press communique that a few businessmen, both Indian and European, have been invited to serve as Advisors to the Indian Delegation. I appreciate the association of businessmen with the Indian Delegation and I express the fervent hope that they will be entitled to attend the Conference along with the Delegates and to take part in the deliberations in all its stages. Further I hope that the Advisors will also be allowed to be members of the different Committees and Sub-Committees that may be appointed at the Conference so that the benefit of their experience and knowledge may be fully made available to the Conference. Not only that ; it is highly advisable and essential that these Advisors should be in a position to act as substitute delegates whenever necessary.

Indianisation

My predecessor, Mr. J. C. Setalvad, speaking at the last Annual General Meeting of the Chamber, observed that the policy of distrust of Indians and Indian agencies was prominently at work, and it was a matter of deep regret that Indians were being sedulously kept out of the various departments and agencies created for purposes of the war. He gave facts and figures to prove how all the important positions were filled by non-Indians. It is not only a question of national prestige ; it is a matter where Indian interests are bound to be adversely affected. Your Committee addressed the Government of India, so recently as August last, bringing to their notice the feeling of dissatisfaction and disappointment existing in commercial circles on account of the policy of the Government of India in continuing to appoint non-Indians to almost all the important posts in the civil depart-

ments connected with the war work. In the Department of Defence Co-ordination, in the War Supply Board and in the War Transport Board, Indians have been rigidly excluded from all key posts. In the Department of Supply the post of Director-General of Supplies, Deputy Director-General of Supplies, the Secretary, Deputy Secretary, Director of Administration, Director of Development, Director of Indents and Priority, and even of Technical Officers, are all held by non-Indians. Not only this, but two Deputy Directors-General have been recently appointed in the Department of Supply : one in charge of munitions and the other in charge of engineering, and both of them are non-Indians. On the one hand, it is said that the best co-operation of the country is required for prosecuting the war ; on the other hand, the practical result of the policy followed by the Government of India is to keep Indians rigidly out of all the responsible departments and not to give any vestige of power in their hands. Time has long since passed, when it could be said that Indians were not available. A sufficient number of Indians is available for all the jobs going, whether technical or not ; and it is several times a polite fiction to say that particular jobs require technical knowledge. Several of these administrative posts, to which I have referred above, do not require technical knowledge at all. They require a good administrative knowledge, power of discharging executive duties, honesty of purpose, quickness of decision and power of getting the work done. Indians are in no way inferior to non-Indians with regard to all these characteristics, and I appeal that the Government of India should move quickly towards having responsible Indians appointed to such posts.

Export Trade

In my speech at the last Quarterly General Meeting of the Chamber, I referred to the first meeting of the Export Advisory Council, and briefly placed before you the trend of the discussion at that meeting on the main problems concerning our export trade. I also referred to the deputation of

Dr. Sir David Meek and Dr. Gregory to the U. S. A. for the purpose of exploring the possibilities of expanding our export trade with the U. S. A. and Canada. It was expected that the report of their investigations would be available for consideration at the second meeting of the Export Advisory Council; unfortunately it was not possible to get the report in time for the meeting which was held in Bombay on the 11th September last. The report will, therefore, be considered at the third meeting of the Council which is expected to be held in January next. The question of finding markets for some of our staple export products like cotton, wool, hides and skins, oilseeds, etc. was further considered at the second meeting of the Council, and various aspects of the problem were gone into at great length.

It is now over a year since the war started, and therefore an attempt may be made to evaluate the effects of the same on our Seaborne trade. The following table gives figures of our Seaborne trade for the 12 months—September 1939 to August 1940—as also for the previous 12 months.

(*In Lakhs of Rupees*)

—	September-August 1938-39			September-August 1939-40		
	British Empire	Foreign countries	Total	British Empire	Foreign countries	Total
Exports ...	87,04	84,29	1,71,33	1,24,42	88,47	2,12,89
Imports ...	1,01,83	70,13	1,71,96	92,76	68,59	1,61,35
Balance of Trade ...	—14,79	+14,16	—63	+31,66	+19,88	+51,54

The figures indicate that our exports in the first twelve months of the war increased by about Rs. 41½ crores and that the increase mainly was in the share of the Empire countries. The increase to non-Empire countries has been insignificant. This is perhaps due to the fact that a large part of the markets in Continental countries was closed to us, particularly during the latter months of the war. On the import side, we have taken less by about Rs. 10 crores, and the reduction has been

mainly in the share of Empire countries. A superficial examination of the position as presented by the above figures will induce a feeling of comfort that our foreign trade has not been materially affected by the developments connected with the war and that we have actually increased our balance of trade. Such a conclusion will be incompatible with the existing conditions, when complaints of cessation of exports and its effect on the commodity markets are frequent and insistent. The apparent inconsistency is easily explained by the fact that during the 12 months of the war, an account of which is taken above, there were several far-reaching changes which necessitated that the war period should be divided into two parts for purposes of examining the effect on trade. In the first part, viz. September 1939 to June 1940, we had a considerable share of the Continental markets. These markets were lost one by one and gradually, and in the second part, viz. July-August, 1940, we had practically ceased to trade with the whole list of countries that had been successively occupied by Germany. The following table gives two-monthly average figures for the first 10 months of the war and the second two months, July-August, 1940.

(In Lakhs of Rupees)

—	Sept. 1939—June 1940 Two monthly average	July–August 1940
Exports	37,06	27,58
Imports	27,95	21,58
Balance of trade ...	+9,11	+6,00

It will be evident from the above, that we have lost much by the closure of the European markets and that we have not been able to make up for the same. In exports, we have lost in the last two months—July and August—to the tune of Rs. 9½ crores in comparison with the two-monthly average for the previous 10 months. Imports have fallen, but not correspondingly, and in the result our favourable balance of trade has declined by over Rs. 3 crores. The problem which therefore confronts our Seaborne trade is to find alternative mark-

ets for the big gap resulting from the closure of the European markets. It has been estimated that we have lost export markets to the extent of Rs. 30 crores per annum. The contraction in export markets had the inevitable result of a fall in commodity prices and the consequent depreciation in the value of the holding of such commodities to the tune of several crores of rupees. This aspect of the matter was brought prominently to the notice of Government at the second meeting of the Export Advisory Council. The current season has passed. The most serious problem, however, will be about the surplus production of the different commodities in so far as the future crops are concerned. For this season, we had at least for some time a share of the European market. For the coming season, at any rate, the whole of the Continental market is closed. There is also the question of availability of shipping tonnage. The whole question is receiving the attention of the Government of India and they have sent round communications to the different commercial organisations inviting their views regarding the problem of disposal of surplus production of commodities in India. Your Committee are considering this matter in consultation with Trade Associations interested in some of the commodities and it is hoped that they will be in a position to send their views and suggestions to Government before long. The Export Credit Department in U. K. has begun to issue new comprehensive war emergency insurance, combining solvency, transfer and pre-shipment policies which were previously issued separately. The Department covers 90 per cent of any loss. This new insurance policy of Britain will materially assist the export drive in that country. The desirability of instituting a similar protection in India is a matter which should receive the active attention of Government.

While on this question of export markets, I would like to refer to the case of a country in which India is not even having a *quid pro quo*. India is one of the biggest purchasers of the products of East Africa (Kenya, Uganda and Tanganyika) ; but she is selling to that country much less than what

she is buying from her. The following table illustrates the share of India, both in the import and export trade of East Africa.

Percentage Imports into and Exports from East Africa

	Imports			Exports		
	1936	1937	1938	1936	1937	1938
	%	%	%	%	%	%
U. K. ...	34.8	36.6	39.9	29.7	27.7	32.6
India ...	5.1	4.5	4.4	15·9	23.8	26.3
Japan ...	17.6	17.1	12.5	10.3	8.8	2.5

Whereas India has taken as much as 26 per cent of the total exports of that country in 1938, her share in the imports is only just over 4 per cent. On the other hand, Japan, which takes from that country only 2.5 per cent of her exports, has a share of 12.5 per cent of her imports. East Africa is exporting mainly cotton and importing piecegoods. That country imported cotton textiles of the total value of £1,602,000 in 1938, as against £2,133,000 in 1937 and £1,641,000 in 1936. The percentage shares of the different countries were as under :—

Percentage Imports of cotton textiles in E. Africa

From	1936	1937	1938
	%	%	%
India	3.5	4.8	5.1
U. K.	10.9	8.2	10.8
Germany	5.2	4.8	3.9
Netherlands	2.1	3.3	4.6
Japan	73.9	47.7	70.8

It will be seen from the above that in 1938, India had only 5.1 per cent, as against 70.8 per cent enjoyed by Japan. In relation to the off-take of African cotton, the position is very unfair. In the year 1938, out of the total exports of cotton valued at £3,532,000 India took £2,910,000 or 82.3 per cent ; as against £280,000 or 7.9 per cent by Japan and £221,000 or

6.2 per cent by U. K. Even on a strictly reciprocal basis, therefore, the claim of this country for a substantial share in the East African markets is irresistible.

The Native Share and Stock Brokers' Association

I had referred in my speech at the last Quarterly General Meeting to the Bombay Native Share and Stock Brokers' Association. It was my *bona fide* and genuine criticism of the policy and methods followed by them and I myself did not consider that there was anything in that which would offend anybody. An Association, I mean a public Association of trade and commerce, when it busies itself with responsible and important commercial work must be prepared to face any reasonable and rational criticism and must not be so thin-skinned as to take umbrage at any remarks or comments which may be made by *bona fide* critics. The Association asked your Committee whether my speech represented their considered views. To this your Committee gave the reply that it was neither the convention nor the practice of the Chamber to place the speeches of the President and Vice-President delivered at Annual or Quarterly General Meetings before the Committee. The Association did not rest satisfied here and issued a communication to the Press officially strongly criticising me for my speech. I have got a sufficient experience of public life not to be offended at such criticisms ; but the official statement of the Association amounted almost to abuse. While this statement was issued by the Governing Body of the Association to the Press and to all our Committee members, they again wrote to the Committee that they took it that the criticism of the Association in my speech did not represent the considered views of the Committee of the Chamber. To this your Committee gave their reply that they had nothing to add to what was stated in their first letter and further expressed their regret that instead of closing the controversy the Association should have thought it fit to issue a statement on this matter to the Press. Further I myself

could have issued a stringent and stinging reply, but I did not like to lower myself to the level to which they had descended.

Central Government Finances

As the next session of the Indian Legislative Assembly is nearing, the question of an emergency budget for the country is a matter of topical interest. In fact, speculation about the possibilities of new items of taxation is rife. It is suggested that as the expenditure of the Government of India mainly on the military side is proving to be on a much larger scale than was anticipated when Sir Jeremy Raisman presented his budget in February last, there will be a considerable gap to be made up between expenditure and revenue on the basis of those estimates. On a closer examination, however, of the Central Government's finances during the current year, it would appear that notwithstanding enhanced disbursements on account of defence and war industries, the position cannot be said to have deteriorated. Disbursements after the budget include Rs. 7 crores for industrial expansion, Rs. 20 crores for defence outlay, about Rs. 6 crores for repayment of the outstanding portion of the 1940-43 Loan and Rs. 10 crores for financing withdrawals of postal and savings bank deposits. In all, therefore, Government had to provide for Rs. 43 crores for financing post-budgetary expenditure. Analysing the ways and means position, however, it is evident that excluding the volume of loans converted into Defence Bonds, Government received nearly Rs. 16 crores in cash as subscription for the Defence Loans and sales of Certificates. They have further secured Rs. 10 crores against transfer of One Rupee Notes and further Rs. 10 crores against creation of *ad hocs*. These receipts aggregate Rs. 36 crores to which must be added a sum of Rs. 7 crores being the surplus on 1939-40 account which will come in quite handy as a windfall. Against an outlay of Rs. 43 crores referred to above they have already received Rs. 43 crores. Even if the actual defence outlay should prove to be more than the estimate of Rs. 20 crores, Government would not find themselves in any difficulty

regarding their ways and means position, as the Defence Loans are still on tap and will gradually bring in additional funds. It should, therefore, not be difficult to provide the necessary finance for governmental requirements for the year without any strain and there should not be any thought of supplementary taxation.

Remittance Facilities

The Reserve Bank of India recently announced its proposals for an extension of remittance facilities in the country. The main feature of the new scheme is that the facilities hitherto available for scheduled banks will now be extended to indigenous bankers. Remittances upto Rs. 5,000 will hereafter be charged 1/16 per cent, with a minimum of Re. 1 as against the general rate of 1/8 per cent and for over Rs. 5,000 the charge will be 1/32 per cent with a minimum of Rs. 3-2 as against the general rate of 1/16 per cent and a minimum of Rs. 6-4. In the case of Telegraphic Transfers, over and above these charges, the actual telegram charges will also be recovered. The above concessional rates are those which have hitherto obtained for the purpose of remittances made by the scheduled banks. So far as indigenous bankers are concerned, the above facility will be confined to those who conform to certain prescribed conditions and who are registered in the approved list to be maintained for the purpose by the Reserve Bank on the recommendation of the Provincial Governments concerned. Two of the conditions are that only indigenous bankers who accept deposits and/or discount Hundis with Joint Stock Banks and who have a minimum owned capital of Rs. 50,000 will be eligible to be put on the list. Thus in framing the conditions regarding eligibility the predilections of the authorities of the Bank as to what constituted "Banking business" are again over-emphasised. I appreciate that those whose main occupation is something else like agriculture, shopkeeping, etc., should not be considered as bankers even though they may accept deposits and lend money as a subsidiary business. But I hope that this particular condition will not

be rigidly enforced specially as indigenous bankers, at least most of them, will have some other occupation. It must be recognised that even though they may have some such other occupation they are doing mainly banking business and the public also recognise them as doing mainly banking business and all other subsidiary business is merely a side-line which is sometimes even a concomitant of banking business specially in the mofussil. This is the first official measure of the Reserve Bank in which definite recognition of the status of indigenous bankers in the banking system of the country has been made and to that extent the proposals, therefore, are welcome. It is, however, a matter for regret that the concession is to be hedged round by limitations and conditions, the significance of or the need for which is not fully understood.

Another condition prescribed is that an approved indigenous banker must conform to any money-lending regulation applicable to him that may be in force in the province. Further, according to the procedure prescribed, the application of the banker has first to be forwarded to the Provincial Government and the approval will be based on the recommendations of the Government. The reason for this condition about conformity to money-lending legislation and for invoking the agency or opinion of the Provincial Government cannot be appreciated. The Reserve Bank is the Central Banking authority of the country. In no other matter is it to be guided in regard to problems in the domain of banking by the views or decisions of the Provincial Governments. The link between scheduled banks and the Reserve Bank also is not effected or completed through the scrutiny or recommendations of the Provincial Government. I cannot, therefore, comprehend the reason for bringing in the Provincial Government in the matter of this limited association of the indigenous banker with the banking framework of the country. In the first place I do not approve of an indigenous banker being required in advance to conform to any money-lending regulation applicable to him that may be in force in

the province concerned. Further I also do not approve of an indigenous banker being required to have the approval of the Provincial Government for being recommended for the grant of remittance facilities. I cannot understand why an indigenous banker must agree beforehand to conform to the legislation regarding Debt, Moneylending, etc., which a Provincial Government may have passed. We may not object to the condition proposing to disqualify an indigenous banker provided that such disqualification comes from the Reserve Bank and not from the Provincial Government. In view of all these, I hope that all such objectionable conditions will be withdrawn from the scheme.

Speech of Mr. M. C. Ghia, Vice-President, Indian Merchants' Chamber, at the Third Quarterly General Meeting (24th October 1940)

MR. PRESIDENT AND GENTLEMEN,

The President has dealt with several important problems arising out of our third quarterly report and out of the present situation ; I propose to deal with some of the questions relating to our trade, commerce and industry.

POSITION OF SMALL INDUSTRIES

The question of protection and development of small industries by Governmental aid has been hanging fire since a long time. In 1937 the Government of India had undertaken an enquiry to look into the difficulties and handicaps of the minor industries. As you well know this enquiry ended in smoke under the plea that Japan, the chief competitor against those industries was quoting higher prices for its imports and therefore there was no need for such an enquiry. I for my part cannot swallow this plea for abandoning such a useful examination of difficulties which were in the way of development of such industries. The need for such an enquiry was very urgent then and is especially so now in view of war conditions which have stopped the import of many articles which constitute the daily needs of the country. Govern-

ment has now again been aroused to the necessity of helping such minor industries which if encouraged, could supply the urgent needs of the country in war time. The Commerce Member of the Government of India, apart from his statements on the floor of the Assembly and elsewhere on the subject had assured your Committee during the recent interview he had with them that Government would encourage such industries which were needed in the country on account of the conditions created by war. He was good enough to explain that the industries which might be required to meet the civil needs of the country would also receive the same consideration from Government as those required for defence and war purposes.

In view of this assurance from Government industries should approach the authorities for redress of their grievances and difficulties and Government would be well advised in the interest of the country to carefully consider such difficulties and remove them without delay. Enquiries reveal that the industries engaged in the manufacture of cigarettes, glass, woollens, butter and dairy products, lanterns, canned fruits and many such other articles, have worked under difficulties in normal times and require urgent attention on the part of Government.

In this connection, I cannot but refer to the lately issued report of the Bombay Economic and Industrial Survey Committee, 1938-40 presided over by Sir Purshotamdas Thakurdas. One of the terms of reference for this Committee was the examination of the present position of small industries in the Province with reference to their place in provincial economy in relation to agriculture and large industries. Let me tell you that such a comprehensive survey of the present position, possibilities and future development of the minor industries in the province has never been undertaken uptill now. The survey covers the gamut of this whole question in all its various aspects and suggests ways and means by which the small scale industries could come into their own and fill an important place in the economy of the province.

As this is very pertinent to the subject in hand, I hope you will allow me to say something regarding the useful recommendations of this Committee. They have at the very outset suggested that an Economic Development Department should be created by Government whose function would be to remain in constant touch with the various economic requirements of the districts of the province and to collate all possible information regarding such industries, for the guidance of Government in rendering effective aid to deserving industries. In my opinion this is a useful department the Provincial Government may create, as up till now Government have failed to introduce an industrial bias in their administration with the result that the unprotected small industries which have no resources comparable to big industries have been left to fend for themselves. It is stated in the report that the condition of roads in certain districts is hopeless which should make the marketing of products very difficult. If a definite programme of rapid road construction were adopted, efforts of Government in this regard would be amply rewarded.

The most important recommendation of the Committee is the institution of an organisation for financial assistance to small scale industries. They suggest the establishment of a separate industrial bank which could finance under Government control the minor industries. The banking system at present available in the country is scarcely able to finance even the big industries. Several useful minor industries have languished away for want of financial help and only Government with their large resources can come to their aid in the way suggested by the Committee.

I have been able to refer here to only a few of the suggestions of the Committee, but suffice it to say that this report comes in good time to open the eyes of Government and the public to the desperate situation of the minor industries and the urgent need of giving effective help to such industries without which the economy of the country would be incomplete.

Property Tax

Although the question of the Property Tax levied by the Government of Bombay in the year 1939 on all urban immovable property in the Presidency belongs to the recent past, a reference to the same is made possible here by the Government Press Note of 15th July 1940, issued to explain the present position in regard to the prohibition policy of Government in the light of the recent legal decision of the High Court of Bombay. This Property Tax, as you know, was the direct outcome of their prohibition policy, and was levied to supplement the loss in revenue caused by this policy. In this Press Note Government explain that their prohibition policy will have to undergo some modification in the light of the recent legal decisions, whereby their revenue position will improve to a certain extent. They also give an assurance that any additional revenue from these changes will be devoted to giving possible relief in taxation under the Property Tax. We welcome this assurance even though guardedly made, because it gives some hope of relief to property owners who are already considerably taxed by the Municipality, the Provincial and the Central Governments. The total payments in taxes by the properties come to over Rs. $4\frac{1}{2}$ crores. If the Property Tax was added the payment would amount to Rs. $5\frac{1}{2}$ crores. This will clearly show that the burden of taxation on properties is beyond their capacity to bear. This heavy burden on property has reacted very unfavourably on the building activity, specially in Bombay where the burden is the hardest to bear. It will be admitted that the additional revenue derived from the modification in the Prohibition Policy will not restore the full revenue which has been foregone. What I wish to point out here is that Government will give their most careful attention to this subject and give the maximum relief that they could possibly provide under the Property Tax.

Road Traffic

The development of road traffic in the country is a problem that has engaged the attention of the public since a decade now. The expansion of India's trade, commerce and industry in recent years has necessitated corresponding increase in development of alternative forms of transport chiefly motor transport which is making steady headway as a subsidiary form of conveyance for passengers and goods increase in development of alternative forms of transport, however, has brought the railways into conflict as this transport is supposed to have claimed a part of the total transport of the country which was up till now the sole monopoly of the railways. I admit the railways are a national concern in which about Rs. 800 crores of public money are invested and therefore Government have a grave responsibility of economically administering this huge national undertaking. I also admit that Government as the custodian of railways have a duty to see that the revenue earned by the railways does not suffer a decrease. But these considerations would not justify Government to control and regulate other useful forms of transport by which railways could dominate the total transport in the country. With a view to preserve the monopoly of railways to handle the country's transport, Government placed on the Statute Book the Motor Vehicles Act, 1939, under the specious plea of controlling, regulating and co-ordinating the road and rail transport. It is not contended here that motor transport does not need to be regulated and controlled, but our grievance is that such control should have been legislated for the benefit of railways to the detriment of motor transport. The co-ordination of road and rail transport for the purposes of this Act in effect means that road transport wherever found competing with the railways should be controlled and regulated in such a way that the competitive power of such transport may be muzzled in the interest of the railways. Gentlemen, we have fundamental differences with the policy of Government in this regard. Your Chamber has consistently pressed for a policy of fair and equal treat-

ment for both these forms of transport whereby both could gainfully operate to the entire benefit of trade, commerce and industry. It is our belief that motor transport has proved its usefulness as a feeder transport for the railways whereby railways have benefited largely. Efficient marketing of agricultural products from places the railways could not reach has been made possible by the motor transport. Restrictions placed on this transport will principally hit the agricultural areas. Certain powers given to the regional authorities under the Act, if exercised, will mean deterioration of this useful means of transport. The main reason for my referring to this question here is a recent reference by the Government of Bombay regarding the proposed policy in regard to long distance goods traffic by roads under Section 43(1) of the Motor Vehicles Act. Under this Section the Provincial Government are empowered to consider the question of possible prohibition and restriction of the long distance carriage of goods by roads. Having this section in mind Government have placed before us certain pre-suppositions that would lead to the restriction of long distance carriage of goods by roads. Attention is drawn to the rapid growth of motor transport in recent years not only between Bombay City and outlying parts of the province, but also between Bombay City and places as far distant as Hyderabad, C. P., U. P. and the Punjab over distances extending upto 1,000 miles. They maintain that this is a serious infringement upon the right of railways to serve such long distance transport and propose restrictions limiting motor transport within certain limits. We are not disposed to agree to such restrictions in any form. The traffic infiltrating from as far as the Punjab or C. P., or U. P. is very small and cannot in any sense be said to compete with the railways. It is made out that the motor transport is skimming the cream of railway earnings. This allegation is unjust having regard to the heavy rates and taxes the transport has to bear under the new rules. The prohibitive price of petrol is a deterrent factor which this industry can ill-afford to bear along with manifold other restrictions including separate licences for each of the provinces.

Having placed a plethora of checks and restrictions Government should now desist from forging further artificial restraints on this useful form of transport. If the provinces stand to gain from the increased receipts of railways under the Neimeyer Award as modified by the Order-in-Council, the fact should also be borne in mind that the road traffic contributes revenue to the provinces and the Central Government by way of duty and sales tax on petrol. If the motor transport can serve the country at less than half the maximum railway freight rates, trade should not be penalised for the benefit of railways. If Government wish to maintain that as a result of this cheaper transport by road only the buyer benefits and not the public, let me point out that the farmer has realised higher prices to the extent of the difference in the freight rates. It should be the policy of Government to afford full freedom to the public to take advantage of the cheapest form of transport that may be available to them. If the railways feel that their preserve is being poached upon, they should enter the field in a competitive spirit, cut down their high overhead expenses, modify their unremunerative services, give greater facilities to the public they have to serve and devise a more popular tariff which could attract traffic.

All India Employers' Conference

A Conference of representatives of industrial interests was held under the joint auspices of the Employers' Federation of India and the All India Organisation of Industrial Employers in Bombay in the second week of September, 1940. I attended this Conference as the representative of your Committee. It was a fairly well-attended Conference, and representatives of several industrial organisations and industrial concerns were there. Such Conferences are required to be held not only once but several times, in order to bring industrialists of all the provinces together and to have their attention focussed on the burning problems of the day, which affect their interests vitally. The industrialists are most concerned with labour legislation, for instance, which is being passed not only in

the different provinces but by the Central Legislature. Your Committee had drawn the attention of Government several times to the necessity for co-ordination between legislation in different provinces and the legislation passed at the Centre. The lack of co-ordination leads to results which are far from happy ; and affects industries adversely. You all know that, while we are talking of co-ordination for the whole of India, Indian States are practically beyond the pale of all such legislation. Indian industrialists are not opposed, as you very well know, to having labour legislation for improving the lot of labour which, it is recognised, will at the same time increase their efficiency also. The ever-ready response, in fact, if I may say so, of Indian industrialists to the end of social redress and justice for their employees, has always been recognised, amongst others, by no less a body than the International Labour Conference. What, however, they want is that all such labour legislation should not be haphazard and scrappy ; nor should it be un-co-ordinated. It was because of this that the very first resolution passed at the above Conference while according support to the principle of social and labour legislation urged that the Government of India should use its utmost endeavours to ensure that any measures undertaken for the purpose should be on a strictly all-India basis, including Indian States, and should also include Government undertakings, Central and Provincial. The Conference also expressed its view that in order to secure uniformity of treatment throughout India, when labour legislation of an all-India character was under contemplation or consideration by the Government of India, the Provincial Governments should be urged not to undertake legislation on the same or allied subjects. The need for the co-ordination of industrial effort has been acknowledged by the Government of India also. Thus, His Excellency, the Viceroy, addressing the Tenth Industries Conference held in January 1939 observed :—

> "This seems to me to be a perfectly natural outcome of the growing realisation that a real co-ordination of industrial effort between the provinces is essential if India

as a whole is to advance or even to maintain the position that in certain industries she has already won. From time to time fissiparous tendencies show themselves and though we can hardly hope to see complete identity of views established through the machinery of these Conferences, it is nonetheless along the lines of such free and frank discussions of common problems as is here possible that a solution is to be sought."

Your Committee some time back suggested the formation of a Central Committee in order to bring about co-ordination. I was, therefore, glad that Sir J. P. Srivastava moved a resolution to the effect that a Standing Advisory Council, representative of all Provincial Governments, Indian States, Employers and Labour should be set up at the Centre to which all proposed legislation should be referred for expression of opinion, and a convention should be established whereby the recommendations of this Council should be ordinarily followed by all Governments and States. Consideration of this resolution was postponed to a future Conference, but this shows the general feeling about the necessity for co-ordination. Under the present constitution a Provincial Government has no authority to give relief in matters of tariff, transport, currency and exchange. It is, therefore, all the more an added responsibility on the shoulders of a Provincial Government to see that no labour legislation passed by it is of such a character as to harm the industries. It is the fundamental duty of the Provincial Governments to help their industries and to secure their progress. If they cannot do this, let them not at least be a party to any retrogression of industries and to any harm to them.

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